New Issue **Ratings: See "Ratings" herein.**

In the opinion of Co-Bond Counsel, subject to compliance with certain covenants made by the County to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended, under present law, interest on the Series 2002D Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2002D Bonds will not be included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2002D Bonds will be taken into account in computing the corporate alternative minimum tax for certain corporations. Interest on the Series 2002D Bonds is not exempt from income taxes imposed by the State of Illinois. See the caption "TAX EXEMPTION" herein regarding a description of other tax considerations.

$173,565,000
THE COUNTY OF COOK, ILLINOIS
General Obligation Refunding Bonds, Series 2002D

Dated: September 15, 2002 **Due: November 15, as shown below**

The General Obligation Refunding Bonds, Series 2002D (the "Series 2002D Bonds") are direct and general obligations of The County of Cook, Illinois (the "County"). The full faith and credit of the County is pledged to the punctual payment of principal of and interest on the Series 2002D Bonds. Direct annual taxes have been levied on all taxable real property in the County in amounts sufficient to pay principal of and interest on the Series 2002D Bonds as those amounts come due, except for principal and interest due to and including May 15, 2003, which is to be paid from tax receipts to be collected with respect to the Prior Bonds (as hereinafter defined). These taxes are to be extended for collection without limitation as to rate or amount. Collections of the taxes are to be deposited directly by the County Collector with Seaway National Bank of Chicago, Chicago, Illinois, as Trustee, for the purpose of paying principal of and interest on the Series 2002D Bonds.

The Series 2002D Bonds are being issued to provide funds to refund certain outstanding general obligation bonds of the County (the "Prior Bonds") and to pay costs associated with the issuance of the Series 2002D Bonds, all as more particularly described herein.

The Series 2002D Bonds will be issuable in denominations that are multiples of $5,000 and will bear interest payable on May 15 and November 15 of each year, commencing November 15, 2002. The Series 2002D Bonds are being offered for sale in book-entry only form and will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2002D Bonds and purchases will be made through DTC participants.

The Series 2002D Bonds are subject to optional redemption prior to maturity as described herein.

Payment of the principal of and interest on the Series 2002D Bonds when due will be insured by a financial guaranty insurance policy to be issued simultaneously with the delivery of the Series 2002D Bonds by Ambac Assurance Corporation

Ambac

MATURITY SCHEDULE

Maturity November 15	Principal Amount	Interest Rate %	Yield or Price %	CUSIP	Maturity November 15	Principal Amount	Interest Rate %	Yield or Price %	CUSIP
2008	$ 1,405,000	5.00	2.95	213183Y42	2016	$ 9,355,000	5.25	110.298[C]	213183Z33
2009	1,585,000	5.00	3.17	213183Y59	2018	11,135,000	5.25	109.255[C]	213183Z41
2011	19,850,000	5.25	3.45	213183Y67	2019	11,760,000	5.25	108.566[C]	213183Z58
2012	19,645,000	5.25	3.55	213183Y75	2020	12,420,000	5.25	107.797[C]	213183Z66
2013	30,895,000	5.25	3.64	213183Y83	2021	13,140,000	5.25	106.950[C]	213183Z74
2014	19,150,000	5.25	112.153[C]	213183Y91	2022	14,350,000	4.75	100.234[C]	213183Z82
2015	8,875,000	5.25	111.177[C]	213183Z25					

[C] Priced to call at par

The Series 2002D Bonds are offered when, as and if issued and accepted by the Underwriters and subject to delivery of separate approving legal opinions by Altheimer & Gray, Chicago, Illinois, and William P. Tuggle, Esq., Chicago, Illinois, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Burke Burns & Pinelli, Ltd., Chicago, Illinois and Law Offices of James Edward Caldwell & Associates, Chicago, Illinois. It is expected that the Series 2002D Bonds will be available for delivery through the facilities of The Depository Trust Company on or about October 9, 2002.

UBS PaineWebber Inc.
Banc One Capital Markets, Inc.
Goldman, Sachs & Co.
Apex Pryor Securities
A division of Rice Financial Products Company

William Blair & Company
Bear, Stearns & Co. Inc.
Loop Capital Markets, LLC
M.R. Beal & Company

September 20, 2002

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. Any such other information or representations must not be relied upon as statements of the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2002D Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale. The information set forth in this Official Statement is not guaranteed as to accuracy or completeness. Unless otherwise indicated, the County is the source of the tables and statistical and financial information contained in this Official Statement, except information relating to governmental bodies other than the County, which has been obtained from those governmental bodies or from other sources. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of Series 2002D Bonds made under it shall, under any circumstances, create any implication that there has been no change in the financial condition or the operations of the County since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to in this Official Statement, reference should be made to those items for more complete information.

THE SERIES 2002D BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE REFUNDING BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE SERIES 2002D BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2002D BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF BEGUN, MAY BE ENDED OR INTERRUPTED AT ANY TIME WITHOUT NOTICE. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2002D BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER OR YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES AND YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS WITHOUT NOTICE.

THE COUNTY OF COOK, ILLINOIS

PRESIDENT

Hon. John H. Stroger, Jr.

CHAIRMAN, COMMITTEE ON FINANCE

John P. Daley

MEMBERS OF THE BOARD OF COMMISSIONERS

Jerry Butler
Allan C. Carr
Earlean Collins
John P. Daley
Gregg Goslin
Carl R. Hansen
Ted Lechowicz
Roberto Maldonado
William R. Moran
Joseph Mario Moreno
Michael Quigley
Herbert T. Schumann, Jr.
Peter N. Silvestri
Deborah Sims
Bobbie L. Steele
John H. Stroger, Jr.
Calvin R. Sutker

COUNTY TREASURER
EX-OFFICIO COUNTY COLLECTOR
Hon. Maria Pappas

CHIEF FINANCIAL OFFICER
Thomas J. Glaser

DEPUTY CHIEF FINANCIAL OFFICER

Donna L. Dunnings

COUNTY COMPTROLLER

John F. Chambers

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OFFICIAL STATEMENT

$173,565,000
THE COUNTY OF COOK, ILLINOIS
General Obligation Refunding Bonds, Series 2002D

INTRODUCTION

This Official Statement is furnished by The County of Cook, Illinois (the "County"), to provide information about its $173,565,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2002D (the "Series 2002D Bonds"). The Series 2002D Bonds are being issued pursuant to an authorizing ordinance adopted by the Board of Commissioners of the County (the "County Board") on September 19, 2002 (the "Refunding Bond Ordinance"), pursuant to the County's home rule powers under the 1970 Constitution of the State of Illinois.

The Series 2002D Bonds are direct and general obligations of the County. The full faith and credit of the County has been pledged to the punctual payment of the principal of and interest on the Series 2002D Bonds. The County has levied ad valorem real property taxes in amounts that will be sufficient to provide for the payment of the principal of and interest on the Series 2002D Bonds as those amounts come due, except for principal and interest due to and including May 15, 2003, which is to be paid from the receipts to be collected with regard to the Prior Bonds (as hereinafter defined). These taxes are required to be extended for collection against all taxable real property within the County, without limitation as to rate or amount.

The Series 2002D Bonds are being issued to refund certain of the County's outstanding general obligation bonds as described herein and to pay certain costs of issuance of the Series 2002D Bonds. See "PLAN OF FINANCE."

Payment of the principal of and interest on the Series 2002D Bonds when due will be guaranteed by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the issuance of the Series 2002D Bonds. See "BOND INSURANCE."

Additional Information

Certain factors concerning the Series 2002D Bonds are described throughout this Official Statement, which should be read in its entirety. All references herein to laws, ordinances, resolutions, agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the Series 2002D Bonds are further qualified by reference to the information with respect thereto contained in the Refunding Bond Ordinance. All statements, information and statistics contained in this Official Statement are believed to be correct but are not guaranteed by the Underwriters, the County, the Co-Financial Advisors, Co-Bond Counsel, Co-Underwriters' Counsel or the Trustee, and all expressions of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. The information contained herein regarding DTC and the global book-entry system (the "Book-Entry Only System") was provided by DTC and has not been verified by the Underwriters, the County, the Co-Financial Advisors, Co-Bond Counsel, Co-Underwriters' Counsel or the Trustee. The information contained herein is provided as of the date hereof and is subject to change.

County Contacts

Copies of statutes, ordinances, resolutions or other documents referred to in this Official Statement are available, upon request, from the County's Chief Financial Officer, 118 North Clark Street, Room 500, Chicago, Illinois 60602, telephone (312) 603-7590. Additional information on the County and its operations can be found on Cook County's web page at **www.cookcountygov.com**.

THE SERIES 2002D BONDS

General

The Series 2002D Bonds will be initially registered through a Book-Entry Only System operated by The Depository Trust Company, New York, New York ("DTC"). Details of payments of the Series 2002D Bonds when in the book-entry only form and the Book-Entry Only System are described below under the subcaption "Book-Entry Only System" and in APPENDIX E. Seaway National Bank of Chicago, Chicago, Illinois, will serve as the trustee (the "Trustee") pursuant to the Refunding Bond Ordinance.

The Series 2002D Bonds will be initially dated September 15, 2002. The Series 2002D Bonds will be issued only as fully registered bonds in denominations of $5,000 or integral multiples thereof (the "Authorized Denominations").

Interest on the Series 2002D Bonds will be payable on November 15, 2002, and semi-annually thereafter on May 15 and November 15 of each year. Each Series 2002D Bond will bear interest from the later of its dated date or the most recent interest payment date to which interest has been paid or duly provided for. The Series 2002D Bonds will bear interest at the rates per year, and will mature in the principal amounts on November 15 of the years, as set forth on the cover page of this Official Statement. Interest on the Series 2002D Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The principal and redemption price of the Series 2002D Bonds will be payable upon surrender of the Series 2002D Bonds at the principal corporate trust office of the Trustee. Interest on the Series 2002D Bonds will be payable on each interest payment date to the registered owners thereof at the close of business on the 30th day of the month next preceding the month in which any regularly scheduled interest payment date occurs and, in the event of a payment occasioned by a redemption of Series 2002D Bonds on other than a regularly scheduled interest payment date, the 15th day next preceding such payment date. If the Series 2002D Bonds are no longer registered under the Book-Entry Only System described below, the Series 2002D Bonds may be transferred or exchanged as provided in the Refunding Bond Ordinance.

Redemption

Optional Redemption. The Series 2002D Bonds maturing on or after November 15, 2014 will be subject to redemption prior to maturity at the option of the County, in such principal amounts representing Authorized Denominations and from such maturities as the County will determine, and by lot within a maturity, on any date on or after November 15, 2012 at the redemption price of par plus accrued interest to the date fixed for redemption.

Notice and Other Redemption Provisions. Notice of any redemption will be given by mailing a copy thereof by first class mail, postage prepaid, to the registered owner of each Series 2002D Bond to be redeemed at the address of such registered owner shown on the registration books, not less than 30 nor more than 60 days prior to the redemption date. Unless such redemption is made conditional upon the availability of sufficient funds as described below, on or prior to any redemption date, the County is required to deposit with the Trustee an amount of money sufficient to pay the redemption price of all the Series 2002D Bonds or portions of Series 2002D Bonds that are to be redeemed on that date.

Notice of the redemption having been given in the manner provided in the Refunding Bond Ordinance, the Series 2002D Bonds or portions thereof so called for redemption will become due and payable on the redemption date stated in said notice, unless such notice expressly states that redemption is conditioned upon availability of sufficient funds as described below, at the redemption price applicable on said date plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys sufficient for the redemption of all the Series 2002D Bonds to be redeemed, together with any interest accrued and unpaid to the redemption date, is held by or on behalf of the Trustee so as to be available therefor on said date and if notice of redemption has been given as aforesaid, and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner, then from and after the redemption date the Series 2002D Bonds so called for redemption will cease to bear interest and said Series 2002D Bonds will no longer be considered as outstanding under the Refunding Bond Ordinance.

With respect to any redemption of Series 2002D Bonds, unless sufficient moneys to pay the redemption price of the Series 2002D Bonds to be redeemed are received by the Trustee prior to the giving of the notice of redemption, such notice may, at the option of the County, state that such redemption is conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the Trustee will not redeem such Series 2002D Bonds and the Trustee will give notice, in the same manner in which the notice of redemptions shall have been given, that such moneys were not so received and that such Series 2002D Bonds will not be redeemed.

Book-Entry Only System

DTC will act as Securities Depository for the Series 2002D Bonds. The Series 2002D Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). Fully-registered Bond certificates will be issued for each maturity in the aggregate principal amount of each such maturity of the Series 2002D Bonds, and will be deposited with DTC. The Series 2002D Bonds will initially be available for purchase only in book-entry only form in authorized denominations.

In reading this Official Statement it should be understood that, while the Series 2002D Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the Beneficial Owner, but (a) all rights of ownership must be exercised through DTC and the Book-Entry Only System and (b) notices that are to be given to registered owners by the County or the Trustee will be given only to DTC. Information about the Book-Entry Only System and DTC is set forth in APPENDIX E.

SECURITY FOR THE SERIES 2002D BONDS

The full faith and credit of the County are irrevocably pledged to the punctual payment of the principal of and interest on the Series 2002D Bonds. The Series 2002D Bonds are direct and general obligations of the County and the County is obligated and covenants in the Refunding Bond Ordinance to levy ad valorem taxes upon all the taxable property in the County for the payment of the Series 2002D Bonds and the interest thereon, without limitation as to rate or amount.

For the purpose of providing the funds required to pay the principal of and interest on the Series 2002D Bonds promptly as the same become due, there is levied in the Refunding Bond Ordinance upon all taxable property in the County a direct annual tax sufficient to pay principal of and interest on the Series 2002D Bonds (the "Series 2002D Pledged Taxes"), except for principal and interest due to and including May 15, 2003, which is to be paid from tax receipts to be collected with respect to the Prior Bonds (the "Prior Bond Tax Receipts"). The County has pledged the Series 2002D Pledged Taxes to secure the Series 2002D Bonds. All receipts of the Series 2002D Pledged Taxes received by the County Collector shall be deposited daily, as far as practicable, with the Trustee. Interest or principal coming due at any time when there are insufficient funds on hand from the Series 2002D Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Series 2002D Pledged Taxes; and when the Series 2002D Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced. All other moneys appropriated or used by the County for the payment of the principal or redemption price of and interest on the Series 2002D Bonds shall be paid to the Trustee. All Series 2002D Pledged Taxes, the Prior Bond Tax Receipts and all such moneys shall be deposited by the Trustee into the "Series 2002D Account" of the Bond Service Fund created under the Refunding Bond Ordinance and the Bond Order (the "Bond Fund") and shall be applied to pay principal of and interest on the Series 2002D Bonds.

The County covenants and agrees with the purchasers and registered owners of the Series 2002D Bonds that so long as any of the Series 2002D Bonds remain outstanding, the County will not repeal, abate, or reduce the taxes levied pursuant to the Refunding Bond Ordinance or otherwise take any action or fail to take any action the effect of which would be to restrict the levy, extension and collection of those taxes, except that (i) the County may abate any such taxes to the extent that taxes are levied to pay principal of or interest on the Series 2002D Bonds that at the time of the abatement shall have been paid or redeemed in full as to both principal and interest from other moneys of the County or for the payment or redemption of which provision shall have been made as provided in the Refunding Bond Ordinance, and (ii) the County may abate any such taxes for any tax levy year to the extent that, at the time of such abatement, moneys then held in the Bond Fund for such purpose, together with the amounts to be extended for collection taking into account the proposed abatement, will be sufficient for the punctual payment of the principal of, and interest on, the Series 2002D Bonds coming due in the bond year that commences in the calendar year next succeeding such tax levy year.

The Series 2002D Pledged Taxes and other moneys, securities and funds so pledged are required by the Refunding Bond Ordinance to be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Refunding Bond Ordinance. The County is required at all times, to the extent permitted by law, to defend, preserve and protect the pledge of the Series 2002D Pledged Taxes and other moneys, securities and funds pledged under the Refunding Bond Ordinance and all the rights thereto of the Series 2002D Bondholders under the Refunding Bond Ordinance against all claims and demands of all persons whomsoever.

In the event of a failure to pay the principal of and interest on the Series 2002D Bonds when due, or the occurrence of any other "Event of Default" under the Refunding Bond Ordinance, the Trustee is required to enforce the rights of the holders of the Series 2002D Bonds. See "APPENDIX F — SUMMARY OF CERTAIN PROVISIONS OF THE REFUNDING BOND ORDINANCE — Default and Remedies."

BOND INSURANCE

Payment of the principal of and interest on the Series 2002D Bonds when due will be insured by a financial guaranty insurance policy (the "Bond Insurance Policy") to be issued by Ambac Assurance Corporation ("Ambac Assurance" or the "Insurer") simultaneously with the delivery of the Series 2002D Bonds. Information on the Insurer is included in this Official Statement as APPENDIX G and a specimen of the Bond Insurance Policy is included as APPENDIX H. So long as the Bond Insurance Policy is in effect, the Insurer retains certain rights of consent with respect to certain changes in the Series 2002D Bonds. For a discussion of such consent rights, see "APPENDIX F — SUMMARY OF CERTAIN PROVISIONS OF THE REFUNDING BOND ORDINANCE — Rights of the Insurer."

Payment Pursuant to Bond Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy relating to the Series 2002D Bonds effective as of the date of issuance of the Series 2002D Bonds. Under the terms of the Bond Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2002D Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the County, as Obligor (as such terms are defined in the Bond Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2002D Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Bond Insurance Policy will insure payment only on stated maturity, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2002D Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2002D Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Series 2002D Bonds on the originally scheduled interest and principal payment. In the event of any acceleration of the principal of the Series 2002D Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2002D Bond which has become Due for Payment and which is made to a Holder by or on behalf of the County has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Bond Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Bond Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Bond Insurance Policy, payment of principal requires surrender of Series 2002D Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2002D Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2002D Bonds, appurtenant coupons, if any, or right to payment of principal or interest on such Series 2002D Bonds and will be fully subrogated to the surrendering Holders' rights to payment.

PLAN OF FINANCE

Proceeds of the Series 2002D Bonds will be used to refund all or a portion of certain maturities of outstanding general obligation bonds of the County. The table attached to this Official Statement as "APPENDIX B – GENERAL OBLIGATION BONDS REFUNDED BY THE SERIES 2002D BONDS" sets forth the series designation, original CUSIP, maturity date, interest rate, principal amount and redemption date and price for each maturity of bonds to be refunded with proceeds of the Series 2002D Bonds (the "Prior Bonds"). Proceeds of the Series 2002D Bonds will also be used to pay certain costs of issuance of the Series 2002D Bonds.

The refunding of the Prior Bonds will allow the County to achieve debt service savings and to restructure its existing indebtedness. To provide for the payment and retirement of the

Prior Bonds, a portion of the proceeds of the Series 2002D Bonds will be used to purchase certain securities that are (i) direct obligations of, or obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by, the United States of America, or (ii) if permitted by the respective bond ordinance authorizing each series of Prior Bonds, obligations issued or guaranteed by certain agencies, which obligations are backed by the full faith and credit of the United States of America (collectively, the "Government Obligations"). The principal of and interest on the Government Obligations will be sufficient (i) to pay when due the interest on the Prior Bonds to their respective maturity or redemption dates and (ii) to pay or redeem the Prior Bonds on their respective maturity or redemption dates at their respective principal amounts or redemption prices, all as set forth in Appendix B.

The Government Obligations will be held in escrow accounts (the "Escrow Accounts") each created pursuant to an Escrow Agreement, between the County and the trustee or paying agent for each series of the Prior Bonds (each an "Escrow Agreement"). The County will, by entering into each Escrow Agreement, irrevocably determine to pay at maturity or call for redemption each of the Prior Bonds on its applicable maturity date or redemption date. Neither the maturing principal of the Government Obligations nor the interest to be earned thereon will serve as security or be available for the payment of the principal of or the interest on the Series 2002D Bonds.

The mathematical computation of the adequacy of the Escrow Accounts to provide for payments on the applicable series of the Prior Bonds as described above will be verified at the time of the delivery of the Series 2002D Bonds by McGladrey & Pullen, LLP, Minneapolis, Minnesota, independent certified public accountants. See "CERTAIN VERIFICATIONS."

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are summarized below.

SOURCES OF FUNDS		
Principal Amount		$173,565,000
Original Issue Premium		18,668,504
Accrued Interest		602,196
	TOTAL	$192,835,700
USES OF FUNDS		
Deposit into Escrow Accounts		$190,293,711
Costs of Issuance (including Underwriters' Discount and Premium for Bond Insurance Policy)		1,939,793
Accrued Interest		602,196
	TOTAL	$192,835,700

COOK COUNTY GOVERNMENT

The County covers a 956 square mile area in northeastern Illinois, including the City of Chicago and numerous suburban municipalities. Those suburbs with populations in excess of 50,000, based upon the 2000 U.S. Census, include Arlington Heights, Berwyn, Cicero, Des Plaines, Evanston, Mount Prospect, Oak Lawn, Oak Park, Orland Park, Palatine, Schaumburg and Skokie. The County is the second most populous county in the United States. It is a political subdivision of the State of Illinois (the "State"), and was established in 1831.

Under the 1970 Illinois Constitution, the County is a home rule unit of government and, except as limited by State law, may exercise any power and perform any function relating to its government and affairs, including the power to borrow money and levy taxes. There are no current statutory limitations on the power of the County to levy real property taxes or to issue general obligation bonds or notes. There is a constitutional provision that limits the maturity of County debt payable from ad valorem property taxation to 40 years.

Principal Functions of Cook County Government

The County presently performs three principal functions: the protection of persons and property; the provision of public health services; and general governmental services including, among others, the assessment of property, levy and collection of taxes and maintenance of certain highways.

*Protection of Persons and Property (Public Safety Fund)***.** The Circuit Court of Cook County is the largest unified court system in the United States, and the County Jail is the largest single site jail facility in the country. Protection of persons and property consists mainly of the operation of the Circuit Court of Cook County, prosecution of persons charged with criminal offenses, operation of the County Jail and operation of a Sheriff's police department. The County operates Cermak Health Services, an 82 bed medical-surgical facility serving inmates in the County Jail complex.

Bureau of Health Services (Health Fund) - General. The Bureau of Health Services (the "Bureau") operates a delivery system composed of the following elements: Stroger Hospital of Cook County (formerly Cook County Hospital), Provident Hospital of Cook County, Oak Forest Hospital of Cook County, the Ambulatory and Community Health Network, the Cook County Department of Public Health, Cermak Health Services and the CORE Center. Stroger Hospital of Cook County is located on the west side of Chicago and is currently operating 525 beds. The hospital is the tertiary hub of the Bureau system, providing a full array of highly specialized services, including the City of Chicago's largest Level 1 Trauma center, neonatology intensive care unit, and HIV/AIDS service. The hospital receives referrals from throughout the Bureau system as well as from other institutions around the County. Its emergency services are the largest in the Midwest, with 112,000 adult and 44,000 children's visits every year. The County is constructing a new 464-bed replacement facility, which has a guaranteed maximum construction contract price of $336 million. This is within the original total replacement cost of $551.6 million approved in 1994 for the replacement of the current hospital. The new facility is anticipated to open in the fall of 2002.

Provident Hospital of Cook County is a community teaching hospital located on the south side of Chicago. Currently staffed for 113 beds, Provident's emergency department is the third busiest in Chicago, experiencing more than 53,000 visits annually.

Oak Forest Hospital of Cook County operates 550 rehabilitation, skilled nursing, acute care, ventilator and sub-acute beds, with a special unit devoted to the long term care of patients with HIV/AIDS. Located in the south suburbs, Oak Forest also provides emergency room and specialty outpatient care services for these communities.

The Ambulatory and Community Health Network operates 30 clinics throughout Chicago and suburban Cook County. Located in hospital, community and school settings, the network provides nearly 800,000 visits annually to largely uninsured patients.

The Cook County Department of Public Health is responsible for the public and environmental health protection of suburban Cook County. In addition to its regulatory and protective functions, the Department provides nearly 200,000 clinical visits (well-baby, communicable disease screenings, etc.) each year. The Department is supported equally by federal and state grants and by the County.

Cermak Health Services is the largest single jail health facility in the country, providing a full spectrum of public health, mental health and acute care services for more than 100,000 clinic visits annually.

The CORE Center is an outpatient facility dedicated to the care of patients with HIV/AIDS and related infectious diseases. This facility is a collaboration with Rush-Presbyterian-St. Luke's Medical Center.

The Bureau has also developed relationships with community hospitals to expand access to primary and maternity services and to assure Stroger Hospital of Cook County's role for tertiary referrals. These partnerships include: Bethany Hospital (where the Bureau is operating a primary care clinic and delivering low-risk pregnant women), St. Anthony Hospital (a partner in both primary care and maternal and infant services), and Thorek Hospital (in which the Bureau is operating a clinic with a primary focus on geriatric care to serve the large concentration of seniors in the community).

Bureau of Health Services (Health Fund) - Medicaid Developments. Since 1991, the State and County have cooperated under several Intergovernmental Transfer Agreements (the "IGT Agreements") that specify the County's Medicaid reimbursement from the State and the County's fund transfers to the State to finance a portion of the State Medicaid program. In 2000 and 2001, federal legislation was enacted and regulations were promulgated by the Center for Medicare and Medicaid Services ("CMS") that had the prospective effect of restricting the State's ability to make payments to the County consistent with then-existing IGT Agreements. The federal legislation also substantially increased the State's authority to make disproportionate share hospital ("DSH") payments to Cook County. The IGT Agreements were recently amended to conform to the federal regulations and legislation and increase DSH payments, resulting in a net increase in projected Medicaid revenues to the County. As currently enacted, one provision of the federal legislation which mitigates the adverse effect of the CMS regulations for all states would sunset for the State fiscal year beginning July 1, 2005. The County is working with the State and other states to seek to extend the effectiveness of this provision beyond the sunset date. There can be no assurances that the sunset provision will be removed. The IGT Agreements provide for a reduction in Medicaid reimbursement to the County if necessary to meet the requirements of federal legislation and regulations in the future.

General Government Services (Corporate Fund). The Corporate Fund includes County revenues and expenditures for government management and supporting services, control of environment, maintenance of highways, economic and human development, the assessment of real property, the levy, extension and collection of taxes and the recording of property transfers.

Administration of the County

The President of the County Board, the County Board and the County Treasurer share responsibility for administration of the financial affairs of the County. The President of the County Board appoints, with the approval of the County Board, a Chief Financial Officer and the County Comptroller.

President of the County Board. The President of the County Board is John H. Stroger, Jr., who was elected to a second four-year term in 1998. Prior to his election, President Stroger served as a County Commissioner continuously from 1970 and as Chairman of the Committee on Finance of the County Board continuously from 1984. In 1993, President Stroger served as President of the National Association of Counties. President Stroger attended Xavier University of Louisiana in New Orleans and received a Bachelor of Science degree in Business Administration in 1952. He is a 1965 graduate of DePaul University College of Law.

The President is elected for a four-year term by the voters of the entire County. The President is the chief executive officer of the County and presides over the meetings of the County Board. The President has the power to veto resolutions and ordinances of the County Board. A four-fifths vote of the County Board is required to override the President's veto. The President is required to submit to the Committee on Finance of the County Board an Executive Budget that provides the basis upon which the Annual Appropriation Bill is prepared and enacted.

County Board. The County Board is the legislative body for County government. The County Board consists of 17 Commissioners elected for four-year terms. The Commissioners are elected from single member districts. The present Commissioners, all of whose terms expire in December 2002, are as follows:

Jerry Butler	Ted Lechowicz	Peter N. Silvestri
Allan C. Carr	Roberto Maldonado	Deborah Sims
Earlean Collins	William R. Moran	Bobbie L. Steele
John P. Daley	Joseph Mario Moreno	John H. Stroger, Jr.
Gregg Goslin	Michael Quigley	Calvin R. Sutker
Carl R. Hansen	Herbert T. Schumann, Jr.	

Chairman, Committee on Finance. John P. Daley is the Chairman of the Committee on Finance of the County Board. The Committee on Finance of the County Board consists of all the members of the County Board, and is required to prepare the Annual Appropriation Bill in tentative form and to submit it for enactment by the County Board.

County Treasurer. The County Treasurer is Maria Pappas. The County Treasurer was elected in November 1998 for a four-year term. The County Treasurer is responsible for the receipt and custody of County funds, and, as *ex-officio* County Collector, is responsible for the collection of real property taxes.

Chief Financial Officer. Thomas J. Glaser serves as Chief Financial Officer for the County. He was appointed to the position by President Stroger and approved by the County Board in September 1995. The Chief Financial Officer is responsible for management and direction of the Bureau of Finance which oversees the Department of Budget and Management Services, the Purchasing Agent, the Office of Contract Compliance, the Department of Revenue, the Office of Comptroller and the Department of Risk Management. Mr. Glaser received a Bachelor of Science degree in Finance from Northern Illinois University and a Master of Business Administration degree from the University of Illinois at Chicago. Mr. Glaser is a Fellow of the Healthcare Financial Management Association, and a member of the Government Finance Officers Association Executive Board and its Committee on Governmental Debt and Fiscal Policy.

Deputy Chief Financial Officer. Donna L. Dunnings serves as Deputy Chief Financial Officer for the County. She was appointed to the position by President Stroger in September 1999. The Deputy Chief Financial Officer supports the Chief Financial Officer in the development of policy and the supervision of operations in the Bureau of Finance. Ms. Dunnings received a Bachelor of Science degree in Accounting from University of Arkansas-Pine Bluff and a Master of Management degree in Finance and Real Estate from Northwestern University.

County Comptroller. The County Comptroller is John F. Chambers, who has been employed by the County since 1972 and was appointed by the President and approved by the County Board as County Comptroller effective May 1, 1990. The County Comptroller is responsible for settling all accounts in which the County is concerned. He authorizes all payments in accordance with the County's Budget ($2.7 billion) including biweekly salary payments to over 26,000 employees. He also maintains the financial records of the County, prepares annual financial statements and prepares estimates of revenues for each fiscal year. Mr. Chambers is President of the Cook County Annuity and Benefit Fund and is Chairman of the Investment Committee. This fund has combined assets of approximately $5.3 billion and is over 90% funded. He is also Chairman of the Cook County Deferred Compensation Committee with assets of over $500 million.

Retirement Board of the County Employees' and Officers' Annuity and Benefit Fund. The Retirement Board of the County Employees' and Officers' Annuity and Benefit Fund (the "Retirement Board") is responsible for the management of the pension system for the County and the Forest Preserve District of Cook County. It consists of two statutory members, the County Treasurer and the County Comptroller, and five other members elected by active and retired employees. By statute, the County Board is required to levy a tax annually upon all the taxable property in the County which, when added to the amounts deducted from the salaries of County employees or otherwise contributed by them, will be sufficient to meet the actuarial requirements of the County Employees' and Officers' Annuity and Benefit Fund (the "Fund"). Under the actuarial funding method utilized by the Fund (entry age normal method), the Fund had an unfunded liability as of December 31, 2001, of $742,912,236 on a going concern basis and an excess funding of $2,549,940,990 on a termination basis. The Fund had an unfunded liability of $742,713,420 as of December 31, 2001, on the actuarial accrued liability basis required to be disclosed under Government Accounting Standards Board Statement 25.

Employees

The County has budgeted the following number of positions for all of its departments in each of the five most recent fiscal years:

Year	Number
2002	26,699
2001	26,779
2000	26,847
1999	26,787
1998	26,841

Approximately 20,000 employees of the County are covered by collective bargaining agreements, the majority of which expired on November 30, 2001. The County is currently in negotiations with the unions representing employees covered by the expired collective bargaining agreements. While several unions have settled with the County or have tentatively reached agreement with the County, the County cannot predict when new agreements will be reached or what the terms of those agreements will be. The County believes that its relationships with its employees, including its unionized employees, are satisfactory.

County's Continuing Capital Improvement Program

Due to the scope and nature of its activities and the need to maintain its current facilities, the County has and will continue to have various ongoing capital improvement projects. To coordinate planning and to manage the development of County construction projects, the President of the County Board has appointed a Director of Capital Planning and Policy. The Director reviews all current and planned capital projects, which may result in changes in the nature and scope of certain projects.

The County Board may approve additional capital improvement projects and borrow to finance them at its discretion.

The Forest Preserve District of Cook County

While the Forest Preserve District of Cook County (the "Forest Preserve District") is a separate governmental entity from the County, it is coterminous with the County and is governed by a board composed of the members of the County Board. The President of the County Board serves as President of the Forest Preserve District. The Forest Preserve District establishes, maintains and operates forest preserves in the County. Within the forest preserves are numerous recreation facilities including 80 miles of bicycle trails, 10 golf courses and 4 driving ranges. The Brookfield Zoo and the Chicago Botanic Garden, operated by private, not-for-profit organizations, are located on property owned by the Forest Preserve District. The Forest Preserve District includes amounts in its property tax levy to pay a portion of costs of the operations of these two institutions.

The Forest Preserve District, as a non-home rule unit of government, is subject to the State Limitation Law described below under the heading "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES — State and County Limitation Laws." Obligations of the Forest Preserve District are not obligations of the County. The cash of the Forest Preserve District is not commingled with the cash of the County. The Retirement Board for the County serves also as the retirement board for the Forest Preserve District.

The financial operations of the Forest Preserve District are included in the County's Comprehensive Annual Financial Report as a Special Revenue Fund. See "APPENDIX A — GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (2001)."

OTHER LOCAL GOVERNMENTAL UNITS

There are more than 800 governmental units (the "Units") located in whole or in part within the boundaries of the County, each of which (i) is separately incorporated and derives its power and authority under laws of the State, (ii) has an independent tax levy or revenue source, and (iii) maintains its own financial records and accounts; and most of which are authorized to issue debt obligations. Although the taxing units share tax bases to some extent, they are separate entities with separate financial circumstances.

Approximately 46% of the Equalized Assessed Valuation of taxable property in the County is located within the City of Chicago. The remainder is located in other municipalities and unincorporated areas.

Other major governments within the County include the Forest Preserve District, the Metropolitan Water Reclamation District of Greater Chicago, the Chicago Park District, the Chicago School Finance Authority, the Chicago Board of Education and Community College District No. 508 (the Chicago City Colleges). The financial impact of these units of government is further described in the tables captioned "Tax Rates Extended by City-Wide Local Governmental Units for Real Property in the City of Chicago" and "DEBT INFORMATION — Direct and Underlying Debt."

A variety of special purpose entities have been created under Illinois law to facilitate the operations and financing of municipal, park, educational, transportation, health, sports, convention and port facilities, highways, housing, industrial development and other activities, none of which are authorized to impose real property taxes. These include (1) the Public Building Commission of Chicago, which issues bonds to finance the acquisition, construction and improvement of public buildings and leases its facilities to certain other governmental units;

(2) the Regional Transportation Authority ("RTA"), which provides planning, funding, coordination and fiscal oversight of public mass transportation services in a six-county area of northeastern Illinois, including the County (the operating divisions of the RTA include the Chicago Transit Authority ("CTA"), the suburban rail division (METRA) and the suburban bus division (PACE)); (3) the CTA, which owns, operates and maintains a transportation system (including both rail and bus transport) in the metropolitan area of the County and receives an annual $2,000,000 contribution from the County which is required by State law; (4) the Metropolitan Pier and Exposition Authority, which owns and operates the McCormick Place convention, exposition and related hotel facilities and Navy Pier; and (5) the Illinois Sports Facilities Authority which has issued bonds to provide funds for the construction of Comiskey Park and the reconstruction of Soldier Field and the provision of lakefront improvements, which bonds are primarily supported by hotel tax revenues.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Information under this caption describes the procedures in effect as of the date of this Official Statement for real property assessment, tax levy and tax collection in the County. There can be no assurance that the procedures described herein will not be changed. Illinois laws relating to real property taxation are contained in the Illinois Property Tax Code (the "Property Tax Code").

Assessment

The County Assessor, who is elected by the voters of the County, is responsible for the assessment of all taxable real property within the County, except for certain railroad property, low sulphur dioxide emission coal-fueled devices and pollution control facilities which are assessed directly by the State. One-third of the real property in the County is reassessed each year on a repeating triennial schedule established by statute. The suburbs in the southwestern and southern portions of the County are being reassessed in 2002. The City of Chicago will be reassessed in 2003 and the suburbs in the northern and northwestern portions of the County will be reassessed in 2004.

Real property in the County is separated into nine classifications for assessment purposes. After the County Assessor establishes the fair cash value of a parcel of land, that value is multiplied by one of the classification percentages to arrive at the assessed valuation (the "Assessed Valuation") for the parcel. The current classification percentages range from 16% for certain residential, commercial and industrial properties to 36% and 38%, respectively, for other industrial and commercial properties.

In 2000, the County Board adopted an amendment to the County's Real Property Assessment Classification Ordinance (the "Classification Ordinance"), pursuant to which the Assessed Valuation of real property is established. Among other things, the amendment reduced certain property classification percentages and lengthened certain renewal periods of classifications.

The County Assessor has established procedures enabling taxpayers to contest their tentative Assessed Valuations. Once the County Assessor certifies the Assessed Valuations, a taxpayer can seek review of the assessment by the Cook County Board of Review (the "Board of Review"). The Board of Review has powers to review and adjust Assessed Valuations set by the Assessor.

In addition property taxpayers can also appeal assessments to the Illinois Property Tax Appeal Board (the "PTAB"), a state-wide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Taxpayers may appeal decisions of the PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

In March 2000 and August 2001, the PTAB rendered two series of decisions in which it granted reduced assessed valuations to the owners of certain real property in the County by employing lower levels of assessment. In the March 2000 decisions, the PTAB utilized the median levels of assessment derived from the Illinois Department of Revenue's sales-ratio studies (the "Sales-Ratio Studies") as the mechanism for determining correct assessment levels, instead of those set forth in the Classification Ordinance. Use of the Sales-Ratio Studies resulted in a lower assessment level than required by the Classification Ordinance. In its August 2001 decision, after examining the Sales-Ratio Studies, the PTAB held that the Assessor's assessment practices violated a provision of the State Constitution, which limits the level of assessment of the highest class of property, in a county that classifies property, to two and one-half times the level of assessment of the lowest class of property in that county. As a result, the PTAB established a maximum assessment level that is significantly below the assessment levels of commercial and industrial property currently set forth in the Classification Ordinance.

The Board of Review appealed the March 2000 and August 2001 decisions of the PTAB to the Illinois Appellate Court. On August 20, 2002, the Appellate Court released its ruling revising eight PTAB assessment findings that applied a median level of assessment lower than that set out in the Classification Ordinance. The Appellate Court remanded those cases to PTAB with directions to apply the level of assessment mandated by the Classification Ordinance. On September 10, 2002, PTAB petitioned for leave to appeal to the Illinois Supreme Court. The County cannot predict whether such leave will be granted or, if granted, the outcome of the appeal.

If either of the PTAB decisions are affirmed in a final judicial decision, the lower levels of assessments would be applied to all property tax appeals then pending before either the PTAB or before a court, resulting in corresponding property tax refunds that the County would be obligated to pay. The County is unable to predict the outcome of the appeals or the amount of any refunds that may result from any unfavorable final order.

Despite any potential short-term impact on the County's general revenues, the County anticipates that the long-term impact of the PTAB decisions on the County will be negligible as none of these decisions questions the County's ability to levy or collect real property taxes or the amount of the County's real property tax levy.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County. In addition, subject to certain time limits, in cases where the County Assessor agrees that an assessment error has been made after the assessment process is complete, the County Assessor can correct the Assessed Value, and thus reduce the amount of taxes due, by issuing a Certificate of Error.

Equalization

After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year (including any revisions made by the Board of Review), the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the "Equalization Factor"), commonly called the "multiplier," for each county. The purpose of equalization is to bring the aggregate assessed value of all real estate in each county to the statutory requirement of 33-1/3 percent of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County's Equalization Factor to determine the parcel's equalized assessed valuation (the "Equalized Assessed Valuation").

The Equalized Assessed Valuation for each parcel is the final property valuation used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the figure used to calculate tax rates (the "Assessment Base").

The following table sets forth the Equalization Factors for the last ten years.

Tax Year	Equalization Factor
2001	2.3098
2000	2.2235
1999	2.2505
1998	2.1799
1997	2.1489
1996	2.1517
1995	2.1243
1994	2.1135
1993	2.1407
1992	2.0897

Tax bills in Cook County are based on the Assessment Base for the preceding year. Property taxes to be billed in 2003 (for the 2002 tax year) will be based on the 2002 Equalized Assessed Valuation.

Exemptions

The annual General Homestead Exemption provides for the reduction of the Equalized Assessed Valuation of certain property owned and used for residential purposes by the amount of any increase over the 1977 Equalized Assessed Valuation, up to a maximum reduction of $4,500. Additional exemptions exist for (i) senior citizens, with the exemption operating annually to reduce the Equalized Assessed Valuation on a senior citizen's home by a minimum of $2,500 and (ii) disabled veterans, with the exemption operating annually to exempt up to $58,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. A Homestead Improvement Exemption allows owners of single-family residences to make up to $45,000 in home improvements without increasing the Assessed Valuation of their property for at least four years. For rehabilitation of certain historic property, the Equalized Assessed Valuation is limited for eight years to the value of such property when the rehabilitation work began. The Senior Citizens Tax Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and have annual incomes of $40,000 or less. In general, the exemption limits the annual real property tax bill of such property by granting to senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between the current Equalized Assessed Valuation of their residence and the Equalized Assessed Valuation of their residence for the year prior to the year in which the senior citizen first qualifies and applies for the exemption (plus the Equalized Assessed Valuation of improvements since such year). In addition, certain property is exempt from taxation on the basis of ownership and/or use such as public parks, public schools, churches, and not for profit and public hospitals.

Additionally, since 1996 counties have been authorized to create special property tax exemptions in long-established residential areas or in areas of deteriorated, vacant or abandoned homes and properties. Under such an exemption, longtime, residential owner-occupants in eligible areas would be entitled to a deferral or exemption from that portion of property taxes resulting from an increase in market value because of refurbishment or renovation of other residences or construction of new residences in the area. On June 5, 2001, the County enacted the Longtime Homeowner Exemption Ordinance, which provides property tax relief from dramatic rises in property taxes directly or indirectly attributable to gentrification in the form of an exemption of certain homeowners who have resided in their homes for 10 consecutive years (or five consecutive years for homeowners who have received assistance in the acquisition of the property as part of a government or nonprofit housing program), and whose annual household income for the year of assessment does not exceed 115% of the Chicago Primary Metropolitan Statistical Area median income as defined by the United States Department of Housing and Urban Development.

Tax Levy

In addition to the County, the major Units having taxing power over real property within the County include the Forest Preserve District, the Metropolitan Water Reclamation District of Greater Chicago, the City of Chicago, the Chicago Park District, the Chicago School Finance Authority, the Chicago Board of Education and Community College District No. 508 (the Chicago City Colleges).

As part of the annual budgetary process of the Units, proceedings are adopted by the designated body for each Unit each year in which it determines to levy real estate taxes. Such proceedings levy the Units' respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk's Office. The remaining administration and collection of the real estate taxes is statutorily assigned to the County Clerk and the County Treasurer, who is *ex-officio* the County Collector.

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law.

The County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the Units having jurisdiction over that particular parcel. The County Clerk enters the tax (determined by multiplying the total tax rate by the Equalized Assessed Valuation of that parcel) in the Warrant Books prepared for the County Collector, along with the tax rates, the Assessed Valuation and Equalized Assessed Valuation. The Warrant Books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

The Illinois Truth in Taxation Law imposes procedural limitations on a Unit's real estate taxing powers and requires that notice in the prescribed form must be published if the aggregate annual levy is estimated to exceed 105% of the levy of the preceding year, exclusive of levies for debt service, election costs and payments due under public building commission leases. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105% of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by a certification of compliance with the foregoing procedures. This Law does not impose any limitations on the rate or the amount of the levy to pay principal of and interest on County general obligation bonds and notes.

The Cook County Truth in Taxation Law, in effect in the County until December 31, 2002, imposes procedural limitations on the taxing powers of a Unit located within the County and requires that notice be published in prescribed form of the Unit's annual levy, exclusive of levies for debt service, levies made for the purpose of paying amounts due under Public Building Commission leases and election costs. A public hearing must be held in December, which may not be in conjunction with the budget hearing of the Unit, on the intention to adopt an aggregate levy. The Cook County Truth in Taxation Law is repealed by its own terms as of January 1, 2003. No amount in excess of the preceding year's aggregate levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by certification of compliance with the foregoing procedures of the Cook County Truth in Taxation Law. The Cook County Truth in Taxation Law does not impose any limitations on the rate or the amount of the levies to pay principal of and interest on County general obligation bonds and notes.

The County has complied with the applicable procedures under the Illinois Truth in Taxation Law and the Cook County Truth in Taxation Law in each year they have been effective and applicable to the County.

Collection

Property taxes are collected by the County Collector, who remits to each Unit its share of the collections. Taxes levied in one year are extended and become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. The first installment is an estimated bill equal to one-half of the prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the current levy, Assessed Valuation and Equalization Factor and applicable tax rates, and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment. For each of the last 10 years, delays in the assessment and assessment appeal process have delayed the second installment "penalty due" (that is, the date after which interest is due on unpaid amounts) beyond August 1. It is possible that delays in the assessment process or changes to the assessment appeal process will cause similar delays in the preparation and mailing of the second installment tax bills in future years.

The following table sets forth the second installment penalty date (that is the date after which interest is due on unpaid amounts) for the last 10 years; the first installment penalty date has been March 1 for all years.

Tax Year	Second Installment Penalty Date
2001	November 1, 2002
2000	November 1, 2001
1999	October 2, 2000
1998	November 1, 1999
1997	October 28, 1998
1996	September 19, 1997
1995	September 11, 1996
1994	November 3, 1995
1993	September 1, 1994
1992	September 1, 1993

The County may provide for tax bills to be payable in four installments instead of two. To date, the County has not provided for payment of tax bills in four installments.

During periods of peak collections, the County Collector, as recipient of tax collections, forwards tax receipts to each Unit, including the County, on a no less than weekly basis. Upon receipt of taxes from the County Collector, the County Treasurer, as holder of County funds, promptly credits the taxes received to the funds for which they were levied. Amounts for debt service for certain bonds issued by the County in the past are deposited directly with escrow agents or trustees for those obligations. Tax receipts collected to pay debt service on the Series 2002D Bonds will be deposited by the County Collector directly with the Trustee.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid taxes shown on that year's Warrant Books (the "Annual Tax Sale"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 18% interest for each six-month period after the sale. If no redemption is made within the applicable period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens and for civil actions to collect taxes.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, and the taxes remain unpaid, the taxes are forfeited and eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

A scavenger sale (the "Scavenger Sale"), like the Annual Tax Sale, is a sale of unpaid taxes. The Scavenger Sale is scheduled every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years, depending upon the type and occupancy of the property.

The Annual Appropriation Bill of the County has a provision for an allowance for uncollectible taxes. The County reviews this provision annually and makes adjustments accordingly. The allowance for uncollected taxes was 3% for 2002. For financial reporting purposes, uncollected taxes are written off by the County at the end of the fiscal year immediately following the year in which the taxes become due, although taxes remain liens against the properties taxed.

State and County Limitation Laws

Through a combination of strong financial controls and the adoption of the Cook County Tax Relief Ordinance (described below), the County has controlled the growth of property taxes that it imposes on its citizens. By virtue of its constitutional home rule powers, the enactment of any legislation by the State applying any statutory tax rate limit to the County would require a three-fifths vote of each house of the Illinois General Assembly. No legislation is currently pending to impose a limit on the property tax rates which may be levied by home-rule units of government in Illinois, nor has any such legislation been proposed in the recent past, although the State has recently enacted, with the required three-fifths vote of each house, legislation which imposes limitations on the ability of home-rule units, such as the County, to increase real property transfer taxes. It is not possible to predict whether, or in what form, any property tax limitations applicable to the County would be enacted by the Illinois General Assembly. The adoption by the Illinois General Assembly of any such limits on the extension of real property taxes may, in future years, adversely affect the County's ability to levy property taxes to finance operations at current levels and the County's power to issue additional general obligation debt without the prior approval of voters. However, any property tax limits that might be imposed by the Illinois General Assembly after the issuance of the Series 2002D Bonds would not affect the amount of taxes levied to pay the principal of and interest on the Series 2002D Bonds.

The State Limitation Law. As the result of certain legislation enacted by the State in 1991, and amended in 1995 (the "State Limitation Law"), the Property Tax Code limits (a) the amount of property taxes that can be extended for non-home rule units located in the County and counties contiguous to the County and (b) the ability of those taxing districts to issue unlimited tax general obligation bonds without voter approval (the "State Tax Cap"). Generally, the extension of property taxes for a taxing district subject to the State Tax Cap may increase in any year by five percent or the percent increase in the Consumer Price Index, whichever is less, or the amount approved by referendum. In 1995, the State Tax Cap was amended to authorize the issuance of "limited bonds" payable from the "debt service extension base" and to exclude from the State Tax Cap "double-barreled alternate bonds" issued pursuant to Section 15 of the Local Government Debt Reform Act of the State.

The Cook County Tax Relief Ordinance. On March 1, 1994, the County Board approved Ordinance No. 94-0-15, known as the Cook County Property Tax Relief Ordinance (the "County Ordinance"). Beginning with the real estate tax levies for the Corporate, Public Safety and Health Funds for 1995 for taxes paid in 1996 and thereafter, the County Board has resolved not to increase the aggregate tax levy for such funds for any year over the prior year's aggregate levy by an amount greater than five percent or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year, whichever is less. The County Board may adopt an aggregate levy for any year in excess of the foregoing limitations if approved by a two-thirds vote of the members of the County Board then in office. Tax levy increases for pensions, elections and debt service are excluded from the limit imposed by the County Ordinance. The County Ordinance can be repealed or amended by the County Board.

TAXATION OF REAL PROPERTY — STATISTICAL INFORMATION

The Equalized Assessed Valuation and the estimated fair market value of real property in the County over recent years are set forth below. The figures shown for each year for estimated fair market value correspond to the Equalized Assessed Valuation for the same year.

Estimated Fair Market Value [(1)]

Year	Chicago	Outside Chicago	Total Cook County
2001	$164,572,707,886	$206,061,740,289	$370,634,448,175
2000	165,520,129,904	175,774,045,203	341,294,175,107
1999	124,544,157,747	178,000,611,549	302,544,769,296
1998	112,606,894,143	158,980,052,018	271,586,946,161
1997	106,282,206,560	156,144,047,036	262,426,253,596
1996	100,460,112,578	154,725,416,129	255,185,528,707
1995	97,291,355,992	144,412,766,369	241,704,122,361
1994	92,572,461,358	138,730,866,304	231,303,327,662
1993	94,219,758,929	131,173,049,219	225,392,808,148
1992	94,378,613,328	126,547,831,736	220,926,445,064

(1) Source: Civic Federation, Chicago, Illinois, based upon information from the Illinois Department of Revenue. Excludes railroad property.

Equalized Assessed Valuation [(1)]

Year	Chicago	Outside Chicago	Total Cook County
2001	$41,981,912,323	$52,927,743,804	$94,909,656,127
2000	40,480,077,486	46,828,104,949	87,308,182,435
1999	35,354,802,059	47,305,121,590	82,659,923,649
1998	33,940,145,776	44,516,200,073	78,456,345,849
1997	33,349,557,227	42,134,556,668	75,484,113,895
1996	30,765,001,358	42,034,673,017	72,799,674,375
1995	30,381,480,347	40,035,226,980	70,416,707,327
1994	30,090,355,467	37,672,993,567	67,763,349,034
1993	28,661,954,119	38,166,137,285	66,828,091,404
1992	27,964,127,826	35,995,210,536	63,959,338,362

(1) Source: Cook County Clerk, Tax Extension Division.

Equalized Assessed Valuation (in thousands) by Property Type (1)

Year	Residential	Commercial	Industrial	Railroad	Farm	Totals
2001(2)						$94,909,656
2000	$43,798,090	$29,351,360	$13,775,950	$373,298	$ 9,484	87,308,182
1999	39,681,038	28,761,783	13,761,652	343,219	12,232	82,659,924
1998	37,046,553	27,730,213	13,349,244	320,174	10,162	78,456,346
1997	34,898,530	27,076,292	13,181,058	317,388	10,846	75,484,114
1996	33,307,326	26,254,332	12,917,611	308,930	11,475	72,799,674
1995	31,610,855	25,924,442	12,565,357	304,846	11,207	70,416,707
1994	29,815,701	25,446,269	12,198,144	291,842	11,395	67,763,351
1993	29,025,132	25,270,176	12,225,854	295,490	11,440	66,828,092
1992	27,495,798	24,429,818	11,733,337	288,048	12,337	63,959,338

(1) Source: Cook County Clerk, Tax Extension Division.
(2) Breakdown by property type not yet available.

The following tables show (i) the rates at which taxes have been extended for collection in the City of Chicago; (ii) the rates at which taxes have been extended for collection for the various County funds; (iii) the dollar amount of taxes extended for collection for each of the various County funds; and (iv) the dollar amount of taxes extended and collected for the County.

Tax Rates Extended by City-Wide Local Governmental Units for Real Property in the City of Chicago (Per $100 Equalized Assessed Valuation) (1)

Tax Year (2)(4)	Cook County	Forest Preserve District	Metropolitan Water Reclamation District	City of Chicago	Chicago Park District	Chicago School Finance Authority	Chicago Board of Education	Community College District No. 508	Total Rate
2000	$ .824	$.069	$.415	$1.660	$.572	$.223	$3.714	$.331	$7.788
1999	.854(3)	.070	.419	1.860	.627	.255	4.104	.347	8.536
1998	.911	.072	.444	1.998	.653	.268	4.172	.354	8.872
1997	.919(3)	.074	.451	2.024	.665	.270	4.084	.356	8.843
1996	.989	.074	.492	2.182	.721	.291	4.327	.377	9.453
1995	.994(3)	.072	.495	2.131	.730	.296	4.251	.376	9.345
1994	.993	.073	.495	2.158	.741	.265	4.167	.372	9.264
1993	.971(3)	.072	.471	2.288	.778	.150	4.324	.381	9.435
1992	1.176	.063	.470	2.210	.735	.190	4.267	.390	9.501
1991	1.040(3)	.064	.482	2.183	.718	.204	4.222	.398	9.311

(1) After abatement.
(2) Based on taxes extended for collection in the succeeding year as a percentage of the Equalized Assessed Valuation for the tax year.
(3) In addition, a tax of $0.023 for 1999, $0.027 for 1997, $0.029 for 1995, $0.022 for 1993 and $0.023 for 1991 was extended against all real property in the County outside the City of Chicago for election costs.
(4) Information for tax year 2001 not available.

County Tax Rates by Fund [1]
(Per $100 Equalized Assessed Valuation)

Fund	Tax Year [2][4] 2000	1999	1998	1997	1996
Corporate	$0.014370	$0.015187	$0.026703	$0.032986	$0.038759
Health	0.218947	0.235619	0.237731	0.284866	0.295370
Public Safety	0.231212	0.244214	0.257299	0.267430	0.258561
Election [3]	0.030157	0.000000	0.029660	0.000000	0.032112
Bond and Interest	0.164121	0.182772	0.190022	0.171460	0.210387
Employees' Annuity and Benefit	0.164295	0.175808	0.169585	0.162258	0.153811
TOTALS	$0.823102	$0.854000	$0.911000	$0.919000	$0.989000

(1) After abatement.
(2) Taxes for a tax year are extended for collection in the succeeding year.
(3) In addition, a tax of $0.023 for 1999 and $0.027 for 1997 was extended against all real property in the County outside the City of Chicago for election costs.
(4) Information for tax year 2001 not available.

County Tax Extensions by Fund

Funds	Tax Year [1][3] 2000	1999	1998	1997	1996
Corporate	$ 12,546,222	$ 12,546,222	$ 20,663,760	$ 24,905,618	$ 28,220,583
Health	191,158,754	194,762,278	186,514,856	215,028,576	215,028,398
Public Safety	201,867,242	201,867,242	201,867,242	201,867,166	188,231,566
Election [2]	26,329,267	10,763,606	23,269,961	11,376,330	23,377,432
Bond and Interest	143,291,244	151,078,793	149,084,090	129,425,062	153,161,051
Employees' Annuity and Benefits	143,443,160	145,323,051	133,050,215	122,479,013	111,973,907
TOTALS	$718,635,889	$716,341,192	$714,450,124	$705,081,765	$719,992,937

(1) Taxes for a tax year are extended for collection in the succeeding year.
(2) Includes tax for the years 1999 and 1997 extended on all property in the County outside the City of Chicago for election costs.
(3) Information for tax year 2001 not available.

County Tax Extensions and Collections
(Calendar Years)

				First Calendar Year Collections of Net Extensions [1]			Total Cumulative Collections as of December 31, 2001		
Tax Year [2][4]	Gross Tax Extensions	Allowance for Uncollected Taxes [3]	Net Tax Extensions	Amount Collected	Percent Gross	Percent Net	Amount Collected	Percent Gross	Percent Net
2000	$718,635,889	$12,957,045	$706,678,844	$698,636,984	97.22%	99.00%	$698,636,984	97.22%	99.00%
1999	716,341,192	12,598,180	703,743,012	698,651,461	97.53	99.28	710,377,668	97.53	100.94
1998	714,450,124	13,220,794	701,229,330	662,916,651	92.79	94.54	691,871,816	96.84	98.67
1997	705,081,765	13,641,674	691,440,091	658,482,731	93.39	95.23	658,482,731	93.39	95.23
1996	719,992,937	13,632,436	706,360,501	690,800,512	95.95	97.80	714,721,783	99.27	101.18
1995	711,552,287	12,938,524	698,613,763	690,869,872	97.09	98.89	703,178,414	98.82	100.65
1994	672,370,157	13,181,197	659,188,960	646,511,470	96.15	98.08	667,140,971	99.22	101.21
1993	657,297,318	15,135,376	642,161,942	638,454,700	97.13	99.42	648,990,010	98.74	101.06
1992	752,161,833	10,806,603	741,355,230	730,106,457	97.07	98.48	744,807,075	99.02	100.47
1991	631,264,726	11,119,522	620,145,204	605,508,269	95.92	97.64	623,797,615	98.82	100.59

(1) Beginning with second installment penalty date in year of extension.
(2) Taxes for a tax year are extended for collection in the succeeding year.
(3) The allowance for uncollected taxes was 3% for 1991 through 2000.
(4) Information for tax year 2001 not available.

DEBT INFORMATION

The following tables describe the County's general obligation bonded debt as set forth below.

Direct and Overlapping Debt

The following table sets forth the direct and overlapping bonded debt applicable to the County as of September 20, 2002 (except as noted below), adjusted for the issuance of the Series 2002D Bonds.

Direct Debt	
General Obligation Bonds	$ 2,499,660,000
The Series 2002D Bonds	173,565,000
Total Direct Debt	$ 2,673,225,000
Overlapping Debt [1] [2]	
City of Chicago [3]	$ 4,206,878,000
Chicago Board of Education [4]	3,526,797,000
Chicago School Finance Authority	458,180,000
Chicago Park District	832,906,000
Community College District 508	136,245,000
Metropolitan Water Reclamation District	1,153,855,000
Forest Preserve District	41,445,000
Other Bonded Debt [5]	4,532,979,339
Total Overlapping Debt	$14,889,285,339
Direct Debt and Overlapping Debt	$17,562,510,339

(1) Excludes short-term cash flow notes.
(2) Includes responsibility for principal amounts of bonds issued by the Public Building Commission.
(3) Includes $51,500,000 General Obligation Bonds (Neighborhoods Alive 21 Program), Series 2002A, sold on September 18, 2002 for issuance on October 2, 2002.
(4) Includes $48,970,000 Unlimited Tax General Obligation Bonds, Series 2002A, sold on September 12, 2002 for issuance on September 24, 2002.
(5) As of August 1, 2002 and includes debt issued by all governmental units within Cook County outside the City of Chicago. Excludes alternate revenue bonds and special service area debt.

Selected Debt Statistics

2000 Population	5,376,741
2001 Equalized Assessed Valuation	$94,909,656,127
2001 Estimated Fair Market Value	$370,634,448,175

	Per Capita	% of Equalized Assessed Valuation	% of Estimated Fair Market Value
Direct Debt	$ 497.18	2.82%	0.72%
Direct and Underlying Debt	$3,266.39	18.50%	4.74%

The County of Cook, Illinois, General Obligation Bond Debt Service
As of October 9, 2002, adjusted for the issuance of the Series 2002D Bonds

Fiscal	Outstanding Debt [1]		The Series 2002D Bonds		Total Debt Service			% Principal Retired	
Year	Principal	Interest [2][3]	Principal	Interest [4]	Principal	Interest [2][3]	Total P&I	Annual	Cumulative
2002	$ 54,820,000	$ 41,871,400	$ -	$ 903,294	$ 54,820,000	$ 42,774,694	$ 97,594,694	2.05%	2.1%
2003	57,855,000	80,840,015	-	9,032,938	57,855,000	89,872,952	147,727,952	2.16%	4.2%
2004	51,200,000	86,706,854	-	9,032,938	51,200,000	95,739,792	146,939,792	1.92%	6.1%
2005	52,370,000	111,390,112	-	9,032,938	52,370,000	120,423,050	172,793,050	1.96%	8.1%
2006	57,430,000	118,798,709	-	9,032,938	57,430,000	127,831,646	185,261,646	2.15%	10.2%
2007	60,700,000	115,583,186	-	9,032,938	60,700,000	124,616,124	185,316,124	2.27%	12.5%
2008	62,725,000	112,239,386	1,405,000	9,032,938	64,130,000	121,272,324	185,402,324	2.40%	14.9%
2009	65,970,000	108,886,586	1,585,000	8,962,688	67,555,000	117,849,274	185,404,274	2.53%	17.4%
2010	71,615,000	105,023,774	-	8,883,438	71,615,000	113,907,211	185,522,211	2.68%	20.1%
2011	55,595,000	101,073,926	19,850,000	8,883,438	75,445,000	109,957,364	185,402,364	2.82%	22.9%
2012	60,095,000	97,820,933	19,645,000	7,841,313	79,740,000	105,662,245	185,402,245	2.98%	25.9%
2013	53,065,000	94,632,060	30,895,000	6,809,950	83,960,000	101,442,010	185,402,010	3.14%	29.1%
2014	69,545,000	91,517,525	19,150,000	5,187,963	88,695,000	96,705,488	185,400,488	3.32%	32.4%
2015	84,785,000	87,560,675	8,875,000	4,182,588	93,660,000	91,743,263	185,403,263	3.50%	35.9%
2016	89,190,000	83,141,956	9,355,000	3,716,650	98,545,000	86,858,606	185,403,606	3.69%	39.6%
2017	103,630,000	78,480,831	-	3,225,513	103,630,000	81,706,344	185,336,344	3.88%	43.4%
2018	97,955,000	73,086,706	11,135,000	3,225,513	109,090,000	76,312,219	185,402,219	4.08%	47.5%
2019	102,980,000	68,019,025	11,760,000	2,640,925	114,740,000	70,659,950	185,399,950	4.29%	51.8%
2020	108,305,000	62,654,244	12,420,000	2,023,525	120,725,000	64,677,769	185,402,769	4.52%	56.3%
2021	113,845,000	57,045,269	13,140,000	1,371,475	126,985,000	58,416,744	185,401,744	4.75%	61.1%
2022	119,260,000	51,112,538	14,350,000	681,625	133,610,000	51,794,163	185,404,163	5.00%	66.1%
2023	127,935,000	45,026,075	-	-	127,935,000	45,026,075	172,961,075	4.79%	70.9%
2024	115,055,000	38,604,925	-	-	115,055,000	38,604,925	153,659,925	4.30%	75.2%
2025	120,360,000	32,826,550	-	-	120,360,000	32,826,550	153,186,550	4.50%	79.7%
2026	125,330,000	26,781,644	-	-	125,330,000	26,781,644	152,111,644	4.69%	84.4%
2027	132,415,000	20,198,138	-	-	132,415,000	20,198,138	152,613,138	4.95%	89.3%
2028	138,380,000	13,935,538	-	-	138,380,000	13,935,538	152,315,538	5.18%	94.5%
2029	61,230,000	7,389,175	-	-	61,230,000	7,389,175	68,619,175	2.29%	96.8%
2030	42,565,000	4,437,100	-	-	42,565,000	4,437,100	47,002,100	1.59%	98.4%
2031	43,455,000	2,246,025	-	-	43,455,000	2,246,025	45,701,025	1.63%	100.0%
Total [5]	$2,499,660,000	$2,018,930,879	$173,565,000	$122,737,519	$2,673,225,000	$2,141,668,398	$4,814,893,398	100.00%	

[1] Outstanding debt service is reduced by the principal and interest on the Prior Bonds that have been refunded by the Series 2002D Bonds.
[2] Net of capitalized interest on Series 2001 Bonds and Series 2002A, B and C Bonds.
[3] Interest rate on variable rate bonds assumed to be approximately 5.00% for the Series 2002A Bonds and 4.50% for the Series 2002B Bonds.
[4] Interest is net of accrued interest deposited into the Series 2002D Account of the Bond Fund on the date of issuance of the Series 2002D Bonds and applied to the first interest payment due on November 15, 2002.
[5] Total may not add due to rounding.

ACCOUNTING AND FINANCIAL INFORMATION

Description of Accounting Practices

The accounting system of the County is operated and maintained on a fund accounting basis implemented to present the financial position and results of operations of each fund. The accounting system of the County is also designed to provide budgetary control over the revenues and expenditures of each fund. Generally accepted governmental accounting principles promulgated by the Government Accounting Standards Board are followed and are applied on a basis consistent with that of the preceding years. For a summary of significant accounting practices of the County, see "APPENDIX A — GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (2001) — Notes to Financial Statements."

The most recent audited general purpose financial statements of the County are for the fiscal year ended November 30, 2001 and are included as APPENDIX A, with the auditor's letter from Arthur Andersen LLP (see also "FINANCIAL STATEMENTS"). The Corporate Fund and the Public Safety Fund are included as the General Fund. The Health Fund is included as the Enterprise Fund and the Forest Preserve District is included as a Special Revenue Fund. Financial statements for the Health Fund and the Forest Preserve District were audited by other independent certified public accountants, which audits were relied upon by Arthur Andersen LLP in connection with its audit of the County's general purpose financial statements for the fiscal year ended November 30, 2001.

Cash Management

The County Treasurer maintains a cash record for each of the County funds. However, except as discussed below, cash is deposited in the County's operating bank accounts, which are treated as a single aggregate cash account. Investments are made on an aggregate basis as well, but the interest thereon is posted to the individual funds. As of November 30, 2001, the County had an estimated cash balance of $362,507,767 in its Corporate, Public Safety, Health, Election and Motor Fuel Tax funds combined, excluding money escrowed or held by trustees for payment of bonds which are not commingled with general County funds.

Investment Policy

The County Treasurer, who is the official responsible for the investment of certain County funds, has a written investment policy applicable to County funds. Under the current policy, safety of principal is the primary investment objective, followed by liquidity and rate of return. All public moneys are deposited in banks that are required to collateralize deposited funds with approved securities equal to 110% of market value. The County Treasurer maintains a system to monitor the market value of such collateral securities. All collateral is held at third party safekeeping institutions acting as custodian. Securities approved for investment include (1) U.S. Treasury Bills, Notes and Bonds, (2) certificates of deposit or time deposits issued by national or state chartered banks within Cook County, and (3) certain other investments permitted by State law, including, (a) interest-bearing savings accounts constituting direct obligations of a bank, (b) shares or other securities issued by savings and loan associations, provided they are insured by the Federal Deposit Insurance Corporation, (c) securities guaranteed by the full faith and credit of the United States of America as to principal and interest, and (d) short term discount obligations of the Fannie Mae. This investment policy is subject to change by the County Treasurer in accordance with applicable law. In addition, the Treasurer is authorized to invest in the Illinois Treasurer's Investment Pool pursuant to an ordinance adopted by the County Board.

Working Cash

The County's taxes levied for its budget for a fiscal year are extended for collection in the calendar year following the end of the fiscal year. Thus, taxes levied for operating expenses for the County's 2002 fiscal year ending November 30, 2002, will be extended for collection in calendar year 2003. In order to finance operations pending the collection of taxes and to provide for month-to-month cash flow needs, the County maintains a Working Cash Fund.

The County maintains a consolidated Working Cash Fund for corporate, public safety, health and election purposes. The money to establish and increase this Working Cash Fund was obtained from the issuance of long-term bonds and from legally available County funds.

Working Cash Funds Available Amounts
(as of November 30)

Fund	2001	2000	1999	1998	1997
Corporate	$ 19,663,943	$ 22,441,782	$ 21,233,029	$ 20,091,626	$ 19,052,629
Public Safety	133,627,441	141,909,202	134,611,749	128,439,346	123,577,894
County Health	127,434,505	124,540,640	118,110,654	112,576,142	107,809,639
Subtotals	$280,725,889	$288,891,624	$273,955,432	$261,107,114	$250,440,162
Election	21,826,823	20,833,250	19,512,404	18,520,979	17,623,296
Totals	$302,552,712	$309,724,874	$293,467,836	$279,628,093	$268,063,458

In addition to advances from the Working Cash Fund, cash credited to the operating funds that is not currently required for operations may also be borrowed by other funds on a temporary basis to cover needs for cash prior to anticipated cash receipts by the borrowing fund. These interfund borrowings result from the issuance of checks in amounts in excess of the cash credited to the fund for which the check was issued. No interfund borrowings are made from funds maintained for debt service.

Financial Information (Budgetary Basis)

The financial information on the following pages pertaining to the County's fiscal year 2001 and 2002 Budgets and the 2001 fiscal year unaudited actual revenues and expenditures is prepared on a legally prescribed budgetary basis of accounting that differs from generally accepted accounting principles (GAAP). Such financial information as presented herein was prepared based on records maintained by the County Comptroller and the presentation of the information on a budgetary basis has not been examined by the County's external auditors.

The significant differences in accounting practices between the operating statements presented under GAAP and the budgetary operating statements follow:

(a) Property tax levies and personal property replacement taxes ("PPRT") are recognized as revenue in the budgetary statements in the year levied or the year replacement personal property taxes would have been levied. The operating statements prepared under GAAP recognize property tax levies as revenue in the subsequent year when they become available; PPRT are recognized when collected by the County.

(b) Expenditures related to specific property tax levies (i.e., pension obligation, principal and interest on general obligation bonds, rental obligations, and allowances for uncollectible taxes) are recognized in the budgetary statements in the year the taxes are levied. The GAAP operating statements recognize these expenditures when the related liability is incurred with the exception of principal and interest on general long-term debt, which is recognized when due.

(c) Encumbrances are combined with expenditures in the budgetary statements but are excluded in the GAAP operating statements.

(d) Incurred obligations (i.e., accounts payable and accrued salaries) are recognized as expenditures when paid in the budgetary statements while the GAAP operating statements recognize these items when the related liability is incurred.

(e) Revenue is recognized when received in the budgetary statements, while the GAAP operating statements recognize these items when measurable and available for financing current obligations.

Reconciliation of the differences between the GAAP and budgetary operating statements for the year ended November 30, 2001 is set forth in "APPENDIX A — GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (2001) - Notes to Financial Statements — Note 2."

Corporate Fund Statement of Revenues and Expenditures and Encumbrances for 2001 and 2002 Budget Information — Budgetary Basis [1]

	2002 Budget	2001 Budget	2001 Actual
REVENUES			
Real Estate Property Tax	$ 12,169,835	$ 12,169,835	$ 12,169,835
Fee Offices	83,326,175	89,236,126	107,062,681
Inter-Governmental	13,897,156	12,850,210	13,965,070
Cigarette Tax	3,000,000	3,000,000	2,992,655
Cable T.V. Franchise	700,000	700,000	788,314
Miscellaneous	10,301,500	4,300,000	6,647,041
Adjustments[2]			13,514,953
Total Revenues	$123,394,666	$122,256,171	$157,140,549
Fund Balance Available for Appropriation	$ 69,745,200	$76,594,864	$ 76,594,864
Less: Operating Transfer to County Law Library	(2,650,000)	(2,500,000)	(2,500,000)
Advance to Grants Bank Account	(10,000,000)	(10,000,000)	
Reserve for Future Obligations	0	(1,705,034)	
Total Revenues and Fund Balance Available for Appropriation	$180,489,866	$184,646,001	$231,235,413
EXPENDITURES AND ENCUMBRANCES			
Government Management and Support Services	$ 83,035,189	$ 85,478,220	$71,844,918
Control of Environment	2,859,566	2,901,938	2,521,001
Economic and Human Development	3,933,546	4,174,837	3,243,149
Assessment and Collection of Taxes	55,563,412	55,969,120	52,161,939
Election	4,065,315	4,190,907	3,687,070
Transportation	31,032,838	31,930,979	28,032,136
Total Expenditures and Encumbrances	$180,489,866	$184,646,001	$161,490,213

(1) Unaudited.
(2) Represents the net amount of various items such as earnings on investments, purchase order adjustments, write-off of prior years' taxes and miscellaneous adjustments.

Source: Cook County Comptroller.

Public Safety Fund Statement of Revenues and Expenditures and Encumbrances for 2001 and 2002 Budget Information — Budgetary Basis (1)

	2002 Budget	2001 Budget	2001 Actual
REVENUES			
Real Estate Property Tax	$204,280,930	$204,280,930	$204,280,930
Personal Property Replacement Tax	15,770,500	22,373,857	22,373,857
Fee Offices	86,415,300	87,702,000	93,528,599
Reimbursement from Others	25,647,556	24,672,963	40,105,459
Motor Fuel Tax Fund Grant	32,000,000	27,000,000	27,000,000
Retail Sale of Motor Vehicles	3,500,000	3,800,000	4,325,123
Retailers' and Service Occupation Tax	4,100,000	4,088,500	4,568,735
Wheel Tax	750,000	700,000	977,586
State Income Derivative Share	8,500,000	8,490,600	9,033,025
County Sales Tax	199,900,000	223,856,200	236,947,245
County Use Tax	52,000,000	52,000,000	56,794,916
Alcoholic Beverage Tax	24,000,000	24,000,000	24,961,811
Cigarette Tax	34,000,000	34,000,000	33,989,380
Gasoline Tax/Diesel Tax	104,000,000	105,000,000	106,068,377
Amusement Tax	10,500,000	12,000,000	12,674,786
Parking Lot and Garage Operations Tax	31,000,000	19,000,000	27,943,324
Bail Bond Forfeiture	1,100,000	1,100,000	1,643,857
Off Track Betting Commission	3,500,000	3,625,750	3,104,311
Miscellaneous	16,904,829	6,095,313	10,255,490
Adjustments(2)			18,536,003
Total Revenues	$857,869,115	$863,786,113	$939,112,814
Estimated Fund Balance Available for Appropriation	111,241,966	91,567,089	91,567,089
Less: Operating Transfer to Self Insurance			
Less: Reserve for Future Obligations		(1,530,275)	
Total Revenues and Fund Balance Available for Appropriation	$969,111,081	$953,822,927	$1,030,679,903
EXPENDITURES AND ENCUMBRANCES			
Government Management and Support Services	$ 51,530,305	$ 50,519,889	$ 49,971,788
Judicial Administration	1,767,522	1,805,479	1,597,504
Sheriff	377,622,514	363,001,681	353,260,976
Cermak Health Service	38,226,405	38,067,247	37,145,642
State's Attorney	100,414,372	101,095,505	99,363,716
Medical Examiner	7,989,488	7,990,695	7,332,966
Public Defender	57,034,226	56,402,974	51,306,827
Chief Judge	176,898,434	178,921,148	178,655,928
Clerk of Circuit Court	89,704,204	87,592,581	82,804,544
Public Administrator	1,055,427	1,032,389	1,022,894
Juvenile Detention Center	27,844,783	28,863,533	26,866,569
Supportive Services	1,096,165	1,075,958	1,006,300
Public Safety/Judicial Coordination	558,705	575,216	455,589
Fixed Charges	37,368,531	36,878,632	28,646,694
Total Expenditures and Encumbrances	$969,111,081	$953,822,927	$ 919,437,937

(1) Unaudited.
(2) Represents the net amount of various items such as earnings on investment, purchase order adjustments, write-off of prior years' taxes and miscellaneous adjustments.

Source: Cook County Comptroller.

Health Fund Statement of Revenues and Expenditures and Encumbrances for 2001 and 2002 Budget Information — Budgetary Basis [(1)]

	2002 Budget	2001 Budget	2001 Actual
REVENUES			
Real Estate Property Tax	$158,938,125	$185,423,991	$185,423,991
Patient Fees	451,655,551	413,535,925	413,735,589
County Sales Tax	62,100,000	38,600,000	40,857,317
Cigarette Tax	10,000,000	10,000,000	9,998,535
Miscellaneous	4,607,000	4,434,000	7,986,724
Adjustments[(2)]			30,431,557
Total Revenues	$687,300,676	$651,993,916	$688,433,713
Estimated Fund Balance Available for Appropriation	49,438,607	75,698,984	75,698,984
Less: Operating Transfer to Self Insurance Reserve for Future Obligations	0	(5,741,749)	
Total Revenues and Fund Balance Available for Appropriation	$736,739,283	$721,951,151	$764,132,697
EXPENDITURES AND ENCUMBRANCES			
Office of Chief Administrative Officer for Health Services	$ 3,344,152	$ 3,296,388	$ 2,689,193
Provident Hospital	82,321,362	79,555,555	80,059,424
South Suburban Ambulatory Network Services Ambulatory/ Community Health	106,906,716	100,660,746	99,009,006
Department of Public Health	17,435,444	16,946,702	15,781,043
Stroger Hospital of Cook County	407,142,379	406,927,824	406,614,175
Oak Forest Hospital	117,751,443	113,766,041	109,472,279
Fixed Charges and Special Purpose Appropriations	1,837,787	797,895	1,068,970
Total Expenditures and Encumbrances	$736,739,283	$721,951,151	$714,694,090

(1) Unaudited
(2) Represents the net amount of various items such as earnings on investments, purchase order adjustments, write-off of prior years' taxes and miscellaneous adjustments.

Source: Cook County Comptroller.

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

Discussion of Financial Operations (Budgetary Basis)

The financial information on which this discussion is based as it pertains to the County's fiscal year 2001 and 2002 Budgets and fiscal year 2001 unaudited actual revenues and expenditures was prepared on the budgetary basis of accounting. The budgetary basis of accounting is different in several respects from GAAP. The financial information presented herein was prepared based on records maintained by the County Comptroller and this presentation has not been examined by the County's external auditors. The County Board adopted the 2002 Budget on December 4, 2001. The County does not budget an ending fund balance. Any balance at the beginning of a year is appropriated as a revenue source in that year's budget; unexpended appropriations or revenues in excess of budget provide the ending fund balance. The County anticipates maintaining a fund balance in the operating funds of approximately 5% of expenditures.

The introduction of the County sales tax in 1992 and the implementation of several additional revenue sources have alleviated some of the reliance of the operating funds on the property tax levy. Certain revenue sources, such as the property tax, patient fees and court fees, are required to be expended in the respective funds. The sales tax, however, may be allocated to any of the operating funds. From year to year the County may change that allocation.

The County Ordinance limits the increase in the property tax levy for the operating funds to the lesser of 5% or the percentage increase in the Consumer Price Index. See "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES — State and County Limitation Laws."

Principal Sources of Revenues and Expenditures

In the County's Budget for its fiscal year ending November 30, 2002, the principal sources of revenues for the County are: fees (approximately 23.4%); property taxes including PPRT (approximately 26.8%); home rule taxes (approximately 19.5%); and intergovernmental transfers (approximately 13.8%). Corporate Fund appropriations account for approximately 6.6% of the County's 2002 Budget, Health Fund appropriations account for approximately 26.8% of the County's 2002 Budget, and Public Safety Fund appropriations account for approximately 35.3% of the County's 2002 Budget. Other major appropriations are for Bond and Interest (approximately 5.3%), Employees' Annuity and Benefits (approximately 6.5%), and Capital Improvements (approximately 9.7%).

Major Fund Revenues and Expenditures: 2001 Actual through 2002 Budget

Corporate Fund. The major Corporate Fund functions include government management and support services; the assessment of real property; the levy, extension and collection of taxes; the recording of real property transfers and transportation.

> **<u>2002 Budget</u>.** Expenditures are projected to decline $4.2 million, or 2.3% in fiscal year 2002. Corporate Fund major revenue sources are projected to be fee revenues (46.6%), property tax levy (6.7%), home rule taxes (1.7%) and intergovernmental revenues (7.7%).

> **<u>2001 Budget</u>.** Expenditures were projected to increase $8.9 million, or 5.1% in fiscal year 2001. Personal Services, as a result of provisions for collective bargaining agreements, is the main source of this increase. Corporate Fund major revenue sources were projected to be fee revenues (48.7%), property tax levy (6.6%), home rule taxes (1.6%) and intergovernmental revenues (7.0%).

> **<u>2001 Actual</u>.** As compared to fiscal year 2000, expenditures increased $5.2 million, or 3.3%, in fiscal year 2001. Revenues increased $3.6 million, or 2.8%, due to increases in fees, and home rule taxes.

Public Safety Fund. The major Public Safety Fund functions relate to the protection of persons and property. The major expenditures include the Sheriff's Office, which includes operation of the County Jail, the Circuit Courts and the State's Attorney's Office.

2002 Budget. Expenditures are projected to increase $15.3 million, or 1.6% in fiscal year 2002. This increase is necessitated by the County's continuing commitment in ensuring justice and the safety of its citizens with additional positions being made available to support the Office of the Chief Judge and the Clerk of the Circuit Court. Public Safety fund major revenue sources are projected to be fee revenues (8.9%), property tax levy (21.1%), home rule taxes (47.4%) and intergovernmental revenues (9.2%).

2001 Budget. Expenditures were projected to increase $48.2 million, or 5.3% in fiscal year 2001. This increase was necessitated by the County's continuing commitment to the safety of its citizens with additional positions being made available to support the Sheriff's, Chief Judge and the Clerk of the Circuit Court Offices. Public Safety fund major revenue sources are projected to be fee revenues (9.2%) property tax levy (21.4%), home rule taxes (49.7%) and intergovernmental revenues (9.5%).

2001 Actual. As compared to fiscal year 2000, expenditures increased $45.7 million, or 5.2% in fiscal year 2001 for all Public Safety Fund functions. Revenues increased $54.2 million, or 8.2%, due to increases in fees, home rule taxes and intergovernmental revenues.

Health Fund. The major Health Fund functions relate to providing health care for the citizens of the County. Major expenses include the operations of Stroger Hospital of Cook County, Provident Hospital of Cook County and Oak Forest Hospital.

2002 Budget. Expenditures are projected to increase $14.8 million, or 2.0% in fiscal year 2002. This increase reflects both the fact that health care expenditures are increasing nationally and provisions for anticipated results of collective bargaining agreements. The projected expenditures also reflect the continued downsizing at Stroger Hospital of Cook County. County Health Fund major revenue sources are projected to be fee revenues (61.3%), property tax levy (21.6%) and home rule taxes (9.8%).

2001 Budget. Expenditures were projected to increase $30.4 million, or 4.4% in fiscal year 2001. This reflects Health expenditures are increasing nationally, although this increase reflects the provisions for collective bargaining agreements, it also reflects the continued downsizing at Stroger Hospital of Cook County. County Health Fund major revenue sources were projected to be fee revenues (57.3%), property tax levy (25.7%) and home rule taxes (6.7%).

2001 Actual. As compared to fiscal year 2000, expenditures increased $35.1 million, or 5.2%, in fiscal year 2001. Revenues decreased by $17.9 million, or 3.7%, due to decreases in patient's fees.

Self Insurance

The County self-insures all risks, including workers' compensation, general, automobile insurance and other liability. The County is a defendant in lawsuits alleging medical malpractice, work-related injuries, highway cases and other claims in which it is involved. Cases related to these areas are in various stages of the legal process. The County has purchased insurance for excess coverage against medical malpractice claims.

The County engages an external actuary to provide an actuarial estimate of its liabilities for self-insured expenses. The liability recorded reflects a 6% discount factor. If the discounted estimate were not used, the ultimate liability for the self-insured programs would be approximately $80.7 million higher than the amount recorded in the financial statements at November 30, 2001.

The County funds its self-insurance liabilities, including those of the Health Facilities, on a current basis and has the authority to finance such liabilities through the levy of property taxes. While it is difficult to estimate the timing or amount of expenditures, management of the County believes that the self-insurance liabilities recorded at November 30, 2001 are adequate to provide for potential losses resulting from medical malpractice, workers' compensation and general liability claims including incurred but not reported claims. The self-insurance liabilities recorded are based on facts known at the current time; however, the discovery of additional information concerning specific cases could affect estimated costs in the future.

For the fiscal year ended November 30, 2001, amounts charged by the self-insurance fund to other County funds for insurance and claims payouts are reported as revenues to the self-insurance fund and expenditure/expenses of the fund charged.

The following table describes the activity during fiscal years 2000 and 2001 for the primary classifications of liabilities (in millions):

Type	Balance at November 30, 1999	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at November 30, 2000	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at November 30, 2001
Medical Malpractice	$142.3	$(36.9)	$36.2	$141.6	$(30.3)	$59.7	$171.0
Workers Compensation	39.6	(9.8)	8.0	37.8	(10.4)	9.5	36.9
General	8.0	(0.8)	(3.3)	3.9	(1.3)	2.0	4.6
Automobile	3.0	(0.4)	(1.3)	1.3	(.3)	2.0	3.0
Claim Expense Reserves	1.7	0	6.7	8.4	(2.4)	.2	6.2
Other	39.3	(14.2)	16.6	41.7	(20.2)	11.2	32.7
Total Internal Service Fund Claims Liability	$233.9	$(62.1)	$62.9	$234.7	$(64.9)	$84.6	$254.4

Source: 2001 County's Comprehensive Annual Financial Report.

BUDGETARY PROCEDURES AND INFORMATION

The fiscal year of the County begins on December 1. The County, by ordinance, requires that the Annual Appropriation Bill must be approved prior to commencement of the fiscal year. The County Board adopted the Annual Appropriation Bill for fiscal year 2002 on December 4, 2001.

The development of the annual budget begins with each department submitting a detailed request for appropriations. Meetings are then held by the President of the County Board, Chief Financial Officer and Budget Director with each department to review the requests. Based on department requests and available resources, an Executive Budget is prepared for the President of the County Board by the Chief Financial Officer, in conjunction with the Budget Director.

Concurrently with this process the County Comptroller prepares and submits a report of estimates of revenues and other available resources to the County Board, prior to submission of the Executive Budget.

The Executive Budget, as approved by the President of the County Board, is submitted to the Committee on Finance, which in turn holds hearings involving each department. The Committee on Finance prepares the Annual Appropriation Bill in tentative form, which is made available for public inspection for at least ten days prior to final action. Public hearings on the tentative Annual Appropriation Bill are then held. Amendments to the tentative Annual Appropriation Bill are then approved by the Committee on Finance. Subsequently, the Executive Budget in the form of the Annual Appropriation Bill is approved and adopted by the County Board. For a summary of budgetary procedures of the County, see "APPENDIX A — GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (2001) — Notes to Financial Statements."

Summary of Appropriations and Expenditures for Fiscal Year 2001 and Comparative Appropriations for Fiscal Year 2002 — Budgetary Basis [(1)]

The table below sets forth the funds appropriated in the Annual Appropriation Bills of the County for fiscal years 2001 and 2002 and actual expenditures for fiscal year 2001.

Fund	2002 Budget Appropriations	2001 Appropriations	2001 Expenditures
Corporate	$ 180,489,866	$ 184,646,001	$ 161,490,213
Public Safety	969,111,081	953,822,927	919,437,937
Health	736,739,283	721,951,151	714,694,090
Election	26,364,841	16,400,586	14,148,894
Bond and Interest	144,679,698	144,656,118	144,656,118
Employees' Annuity and Benefit	179,603,000	160,702,000	160,702,000
Animal Control	2,027,565	2,011,819	1,668,326
Law Library	5,298,117	5,840,445	5,683,917
Clerk of the Circuit Court Automation	6,839,159	6,652,702	6,106,481
Clerk of the Circuit Court Document Storage	7,991,622	8,327,881	6,727,828
Clerk of the Circuit Court Dispute Resolution	200,000	200,000	200,000
Recorder's Document Storage	3,755,851	4,052,589	3,782,883
County Clerk Automation	997,736	857,185	761,435
Intergovernmental Agreement/E.T.S.B.	1,028,017	776,457	752,088
Self Insurance	57,181,608	54,406,790	51,676,781
Managed Care Support	2,338,977	3,581,219	1,239,891
Adult Probation/Probation Services Fee	4,567,717	4,417,710	1,377,619
Social Services/Probation and Court Fee	2,433,180	2,058,378	1,844,306
Juvenile Probation – Supplementary Officers	2,951,903	2,178,782	2,625,890
Sheriff's Youthful Offender Alcohol/Drug Education	17,812	19,314	8,358
Sheriff's Ford Heights Public Housing	0	175,000	81,932
Sheriff's Chicago Heights Public Housing	0	175,000	95,563
Treasurer Tax Sales Automation	2,986,611	782,028	746,961
Motor Fuel Tax Illinois FIRST	5,205,665	3,972,019	1,766,488
CC Lead Poisoning Prevention	3,415,862	848,170	52,901
Federal, State and Private Grants	119,334,263	129,130,416	101,153,933
Allowance for Uncollected Taxes	12,425,373	12,936,352	
Subtotals	$2,477,984,807	$2,425,579,039	$2,303,482,833
Capital Improvements Program	267,071,110	291,563,045	310,689,882
Totals	$2,745,055,917	$2,717,142,084	$2,614,172,715

(1) Unaudited.
(2) This amount includes moneys allocated from Motor Fuel, Highway and Special Revenue Funds that are used to pay for specified capital projects.
Source: Cook County Comptroller.

Summary of Budget Appropriations by Major Purposes for Fiscal Year 2002

Funds	General Expense[1]	Capital Outlay[2]	Debt Service[3]	Pension Fund	Allowance for Uncollected Taxes	Total Appropriations
Corporate	$ 180,448,882	$ 40,984			$ 376,387	$ 180,866,253
Public Safety	969,111,081				6,317,967	975,429,048
Health	736,739,283				4,915,612	741,654,895
Election	26,314,841	50,000			815,407	27,180,248
Bond and Interest			$144,679,698			144,679,698
County Employee's Annuity and Benefit				$179,603,000		179,603,000
Animal Control	1,932,565	95,000				2,027,565
Law Library	5,249,011	49,106				5,298,117
Clerk of the Circuit Court						
Automation	6,508,369	330,800				6,839,159
Document Storage	7,688,990	302,632				7,991,622
Dispute Resolution	200,000					200,000
Recorder's Document Storage	1,771,940	1,983,911				3,755,851
County Clerk Automation	896,736	101,000				997,736
Intergovernmental Agreement/E.T.S.B.	1,028,017					1,028,017
Self Insurance	57,181,608					57,181,608
Managed Care Support	2,338,977					2,338,977
Adult Probation/Probation Services Fee	4,275,948	291,769				4,567,717
Social Casework Services/Probation and Court Fee	2,322,680	110,500				2,433,180
Sheriff's Youthful Offender Alcohol/ Drug Education	17,812					17,812
CC Lead Poisoning Prevention	3,315,862	100,000				3,415,862
Juvenile Probation Supplementary Officers	2,951,903					2,951,903
Treasurer Tax Sales Automation	1,071,215	1,915,396				2,986,611
Motor Fuel Tax Illinois First	5,205,665					5,205,665
Federal, State and Private Grants	116,210,599	3,123,664				119,334,263
Subtotal	$2,132,781,974	$8,494,762	$144,679,698	$179,603,000	$12,425,373	$2,477,984,807
Capital Improvements Program (5)		267,071,110				267,071,110
Total – Current	$2,132,781,974	$275,565,872	$144,679,698	$179,603,000	$12,425,373	$2,745,055,917

(1) General expense includes appropriations for expenditures for operation, maintenance, ordinary repairs and miscellaneous items of expense, and includes some amounts classifiable as capital outlay such as engineering and other service expenditures on construction projects. Also included are inter-fund appropriations.

(2) Capital outlay includes appropriations for expenditures for purchase of new and replacement equipment, permanent improvements including rehabilitation and replacement, purchase of land and expenditures incidental to the acquisition of land.

(3) Debt service includes appropriations for redemption of debt and interest on debt, and for required reserves, and County bond and interest projected for 2002.

(4) Pension funds appropriations represent the gross amounts of general property taxes to be levied for the County's contribution to the pension funds without any deduction for loss in the collection of taxes.

(5) Capital improvements program appropriations reflect the November 30, 2001 estimated unencumbered balance and the 2002 capital improvements program appropriations and the projected 2002 expenditures.

Source: Cook County Comptroller.

Summary of Estimated Budget Revenues by Major Sources for Fiscal Year 2002

Funds	Property Tax Levy[1]	Home Rule Taxes[2]	Fees [3]	Inter-Governmental[4]	Other Revenues[5]	Total Revenue	Estimated Fund Balance [6]	Total
2002 Corporate Revenue	$ 12,169,835	$ 3,000,000	$ 84,026,175	$ 13,897,156	$ 10,301,500	$ 123,394,666	$ 57,095,200	$ 180,489,866
Allowance for Uncollected Taxes	376,387					376,387		376,387
2002 Public Safety Revenue	204,280,930	459,650,000	86,415,300	89,518,056	18,004,829	857,869,115	111,241,966	969,111,081
Allowance for Uncollected Taxes	6,317,967					6,317,967		6,317,967
2002 Health Revenue	158,938,125	72,100,000	451,655,551		4,607,000	687,300,676	49,438,607	736,739,283
Allowance for Uncollected Taxes	4,915,612					4,915,612		4,915,612
2002 Election Revenue	26,364,841					26,364,841		26,364,841
Allowance for Uncollected Taxes	815,407					815,407		815,407
Bond and Interest	144,679,698					144,679,698		144,679,698
Employee's Annuity and Benefit	161,624,740			17,978,260		179,603,000		179,603,000
Animal Control			2,000,000			2,000,000	27,565	2,027,565
Law Library			2,516,000	2,650,000	36,810	5,202,810	95,307	5,298,117
Circuit Court Automation			3,900,000	2,500,000	205,689	6,605,689	233,470	6,839,159
Circuit Court Document Storage			3,700,000		960,260	4,660,260	3,331,362	7,991,622
Circuit Dispute Resolution			200,000			200,000		200,000
Recorder's Document Storage			3,100,000			3,100,000	655,851	3,755,851
County Clerk Automation			700,000			700,000	297,736	997,736
Intergovernmental Agreement/E.T.S.B.				1,028,017		1,028,017		1,028,017
Self Insurance				57,181,608		57,181,608		57,181,608
Managed Care Support							2,338,977	2,338,977
Adult Probation/Probation Services Fee			1,600,000			1,600,000	2,967,717	4,567,717
Social Services/Probation and Court Fee			1,950,000			1,950,000	483,180	2,433,180
Sheriff's Youthful Offender Alcohol/Drug				17,812		17,812		17,812
CC Lead Poisoning Prevention Fund				3,415,862		3,415,862		3,415,862
Juvenile Probation Supplementary Officers				2,951,903		2,951,903		2,951,903
Treasurer Tax Sales Automation			800,000			800,000	2,186,611	2,986,611
Motor Fuel Tax Illinois FIRST				5,205,665		5,205,665		5,205,665
Capital Improvements				78,725,000	188,346,110	267,071,110		267,071,110
Federal, State and Private Grants				119,334,263		119,334,263		119,334,263
PROJECTED — TOTAL	$720,483,542	$534,750,000	$642,563,026	$394,403,602	$222,462,198	$2,514,662,368	$230,393,549	$2,745,055,917

(1) Property tax levy includes allowance for uncollected taxes.
(2) Other home rule taxes include alcoholic beverage tax, cigarette tax, gas/diesel fuel tax, wheel tax, retail sale of motor vehicles, Cook County sales tax (.75%) and use tax and amusement tax and County parking lot and garage operations tax.
(3) Fees include fees from County offices, patient fees and cable television franchise tax.
(4) Inter-governmental includes motor fuel tax, off-track betting commissions, personal property replacement tax, retailers' and services occupation tax, state income derivative share grants and reimbursements from other governments. In Fiscal Year 2002, the self insurance fund may be financed from a combination of long term debt , transfers from working cash, settlement of lawsuits, or other available resources.
(5) Other revenues include bail bond forfeitures, bond proceeds (capital improvements) and miscellaneous.
(6) Fund balance available for appropriation.

Source: Cook County Comptroller

LITIGATION

The County, like other large units of state and local government, is involved in litigation on matters relating principally to claims arising from contracts, personal injury, property damage, tax claims and other matters. See "ACCOUNTING AND FINANCIAL INFORMATION – Self Insurance." However, there is no litigation pending, or, to the best of the County's knowledge, threatened, seeking to restrain, enjoin or adversely affect the issuance or delivery of the Series 2002D Bonds or in any way contesting the validity or enforceability of the Series 2002D Bonds or the collection, pledge or application of the County's full faith, credit and taxing power for their payment.

RATINGS

The Series 2002D Bonds are expected to be rated "AAA" by Fitch Ratings ("Fitch"), "Aaa" by Moody's Investors Service ("Moody's") and "AAA" by Standard and Poor's, a Division of the McGraw-Hill Companies, Inc. ("S&P"), contingent on the issuance of the Bond Insurance Policy by the Insurer. The Series 2002D Bonds are also expected to be assigned underlying ratings of "AA" by Fitch, "Aa2" by Moody's and "AA" by S&P. Such ratings reflect only the views of the respective rating agencies and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; Standard & Poor's, 25 Broadway, New York, New York 10004. Generally, a rating agency bases it's rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2002D Bonds.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions that apply to the Series 2002D Bonds from and after the date of issuance of the Series 2002D Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Series 2002D Bond proceeds and the facilities financed or refinanced therewith, and certain other matters. The County has covenanted to comply with all requirements of the Code that must be satisfied in order for interest on the Series 2002D Bonds to be excludable from gross income. Failure to comply with certain of such requirements could cause interest on the Series 2002D Bonds to become includable in gross income retroactive to the date of issuance of the Series 2002D Bonds.

Subject to the condition that the County comply with the above-referenced covenants, under present law, in the opinion of Co-Bond Counsel, the Series 2002D Bonds are not "private activity bonds" under the Code, and interest on the Series 2002D Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2002D Bonds will not be included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2002D Bonds will be included in "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax for such corporations.

In rendering their opinions, Co-Bond Counsel will rely upon certifications of the County and certain other parties with respect to certain material facts solely within their knowledge relating to the facilities to be financed or refinanced with the Series 2002D Bonds, the application of the proceeds of the Series 2002D Bonds and certain other matters pertinent to the tax exemption of the Series 2002D Bonds.

Ownership of the Series 2002D Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, (i) corporations subject to the branch profits tax, (ii) financial institutions, (iii) certain insurance companies, (iv) certain Subchapter S corporations, (v) individual recipients of Social Security or Railroad Retirement benefits, (vi) taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, and (vii) individuals otherwise eligible for the earned income tax credit. Prospective purchasers of the Series 2002D Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

If a Series 2002D Bond is purchased at any time for a price that is less than the Series 2002D Bond's stated redemption price at maturity, the purchaser may be treated as having purchased a Series 2002D Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimus rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2002D Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2002D Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2002D Bonds.

Interest on the Series 2002D Bonds is not exempt from income taxes imposed by the State of Illinois.

Co-Bond Counsel have not undertaken to advise in the future whether any events after the date of issuance of the Series 2002D Bonds may affect the tax status of interest on the Series 2002D Bonds. No assurance can be given that future legislation, or amendments to the Code, if enacted into law, will not contain provisions that could directly or indirectly reduce the benefit of the exclusion of the interest on the Series 2002D Bonds from gross income for federal income tax purposes.

Bond Premium

An amount equal to the excess of the purchase price of a Series 2002D Bond over the principal amount payable at maturity of such Series 2002D Bond constitutes amortizable bond premium that may not be deducted for federal income tax purposes. For purposes of determining gain or loss on the sale or other disposition of such Series 2002D Bond, the basis of each Series 2002D Bond is decreased by the amount of the bond premium that has been amortized. Bond premium is amortized by offsetting the interest on the Series 2002D Bond allocable to an accrual period with the bond premium allocable to the accrual period. The bond premium allocable to an accrual period is the excess of the interest on the Series 2002D Bond allocable to the accrual period over the product of the owner's adjusted acquisition price at the beginning of the accrual period and the owner's yield (determined on the basis of a constant yield over the term of the Series 2002D Bond). If the bond premium allocable to an accrual period exceeds the interest on the Series 2002D Bond allocable to the accrual period, the excess is a nondeductible loss for federal income tax purposes that reduces the owner's basis in such Series 2002D Bond.

Purchasers of any Series 2002D Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the federal, state and local tax consequences of owning such Series 2002D Bonds.

CERTAIN VERIFICATIONS

McGladrey & Pullen, LLP, Minneapolis, Minnesota (the "Verifier"), independent certified public accountants, upon delivery of the Series 2002D Bonds, will deliver to the Underwriters a report stating that the firm, at the request of the County and the Underwriters, has reviewed the mathematical accuracy of certain computations based on certain assumptions relating to (i) the sufficiency of the principal and interest received from the investment in Governmental Obligations, together with any initial cash deposit, to meet the timely payment of the applicable principal or redemption price of and interest on the Prior Bonds, as described under "PLAN OF FINANCE," and (ii) the actuarial yields on the Series 2002D Bonds and the Government Obligations; such computations with respect to such yields to be used to support the conclusion of Co-Bond Counsel that the Bonds are not "arbitrage bonds" under Section 148 of the Code. The Verifier will express no opinion on the attainability of any assumptions or the tax-exempt status of the Series 2002D Bonds

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2002D Bonds are subject to the separate approving opinions of Altheimer & Gray, Chicago, Illinois, and William P. Tuggle, Esq., Chicago, Illinois, who have been retained by the County to act as Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Burke Burns & Pinelli, Ltd., Chicago, Illinois and Law Offices of James Edward Caldwell & Associates, Chicago, Illinois.

FINANCIAL STATEMENTS

The audited financial statements of the County for the fiscal year ended November 30, 2001, together with the report thereon dated May 17, 2002 (the "Audit Report"), of Arthur Andersen, LLP, independent public accountants ("Arthur Andersen"), are included as Appendix A to this Official Statement. Although the Audit Report has been included in previous Official Statements of the County with Arthur Andersen's consent, inclusions of the Audit Report in this Official Statement has not been consented to nor has the Audit Report been reissued by Arthur

Andersen because the firm is unable to meet certain Securities and Exchange Commission requirements pertaining to auditor's consent. Those requirements are promulgated pursuant to SEC Release No. 33-8070, which was issued on March 18, 2002. Beginning with the fiscal year ended November 30, 2002, the County's financial statements will be audited by another nationally recognized independent public accounting firm.

CO-FINANCIAL ADVISORS

The County has engaged Davis Financial, Inc., A.C. Advisory, Inc. and Clark Burrus, each of Chicago, Illinois, as co-financial advisors in connection with the authorization, issuance and sale of the Series 2002D Bonds. Under the terms of their engagements, the financial advisors are not obligated to undertake any independent verification of or assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

UNDERWRITING

The Underwriters set forth on the cover page of this Official Statement have agreed to purchase the Series 2002D Bonds at a price of $191,283,582.95 (representing an underwriters' discount of $949,921.25, and an original issue premium of $18,668,504.20) plus accrued interest to the date of delivery. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2002D Bonds to the public. The obligations of the Underwriters to accept delivery of the Series 2002D Bonds are subject to various conditions of the Bond Purchase Agreement with respect to the Series 2002D Bonds, but the Underwriters are obligated to purchase all of the Series 2002D Bonds if they purchase any of the Series 2002D Bonds.

SECONDARY MARKET DISCLOSURE

The County will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Series 2002D Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act"). The information to be provided on an annual basis, the events that will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

The County has represented that it is currently in compliance with each undertaking previously entered into by it pursuant to the Rule. A failure by the County to comply with the Undertaking will not constitute a default under the Refunding Bond Ordinance and beneficial owners of the Series 2002D Bonds are limited to the remedies described in the Undertaking. See "Consequences of Failure of the County to Provide Information" under this caption. A failure by the County to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2002D Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2002D Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the County.

Co-Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

Annual Financial Information Disclosure

The County covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the SEC for purposes of the Rule and to any public or private repository designated by the State of Illinois as the state depository (the "SID") and recognized as such by the SEC for purposes of the Rule. The County is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking. To the extent that Annual Financial Information is included in the County's Audited Financial Statements, it need not be separately delivered.

"Annual Financial Information" means information generally consistent with that contained under the captions "TAXATION OF REAL PROPERTY — STATISTICAL INFORMATION" and "DEBT INFORMATION."

"Audited Financial Statements" means the audited general purpose financial statements of the County prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

The Annual Financial Information is required to be disseminated no more than fifteen (15) months after the last day of the County's fiscal year, which is currently November 30. The Audited Financial Statements are expected to be filed at the same time as the Annual Financial Information, provided that if the Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and the Audited Financial Statements will be filed within 30 days after they become available.

Events Notification; Material Event Disclosure

The County covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) that is material, as materiality is interpreted under the 1934 Act. The "Events" are:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions or events affecting the tax-exempt status of the security;

(g) modifications to rights of security holders;

(h) bond calls;

(i) defeasances;

(j) release, substitution or sale of property securing repayment of the securities; and

(k) rating changes.

Consequences of Failure of the County to Provide Information

The County shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the County to comply with any provision of the Undertaking, the beneficial owner of each Series 2002D Bond may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Series 2002D Bonds or the Refunding Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the County to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the County may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(l) the amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County or type of business conducted;

(m) the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(n) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2002D Bonds, as determined by a party unaffiliated with the County (such as bond counsel) at the time of the amendment.

Termination of Undertaking

The Undertaking shall be terminated if the County shall no longer have any legal liability for any obligation on or relating to repayment of the Series 2002D Bonds under the Refunding Bond Ordinance. If this provision is applicable, the County shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the County chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the County shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

CONCLUSION

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2002D Bonds, the security for the payment or purchase of the Series 2002D Bonds and the rights and obligations of the registered owners thereof. Such documents may be examined, or copies thereof will be furnished, upon request to the Underwriters.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered owners of the Series 2002D Bonds.

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of delivery of the Series 2002D Bonds, the County will furnish a certificate executed by the Chief Financial Officer stating that to the best of his knowledge, after reasonable investigation, this Official Statement did not (as of its date) and does not (at the date of delivery of the Series 2002D Bonds) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in it, in the light of the circumstances under which they were made, not misleading.

This Official Statement has been duly executed and delivered by the following officer on behalf of the County.

THE COUNTY OF COOK, ILLINOIS

By: /s/ Thomas J. Glaser
Its: Chief Financial Officer

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APPENDIX A

GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS (2001)

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ANDERSEN

Cook County, Illinois

General Purpose Financial Statements
As of November 30, 2001
Together with Auditors' Report

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ANDERSEN

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Commissioners
of Cook County, Illinois:

We have audited the accompanying general purpose financial statements of **COOK COUNTY, ILLINOIS** (the "County"), as of and for the fiscal year ended November 30, 2001. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Health Facilities, the Forest Preserve District of Cook County and the County's and the Forest Preserve District's Employees' and Officers' Annuity and Benefit Funds and the Emergency Telephone System which represent 100% and 100%, respectively, of the asset and revenues of the enterprise funds, 9% and 9%, respectively, of the assets and revenues of the special revenue funds, 3% and 4%, respectively, of the assets and revenues of the debt service funds, 8% and 26%, respectively, of the assets and revenues of the capital projects funds, 97% and 33%, respectively, of the assets and revenues of the trust funds, 1% of the assets of the agency funds and 3% and 2%, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts audited by other auditors included for the enterprise fund, special revenue funds, debt service funds, capital project funds, the trust and agency funds and the discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Cook County, Illinois, as of November 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and discretely presented component units for the year then ended, in conformity with accounting principles generally accepted in the United States.

As described in Note 1 to the general purpose financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues" as for the year ended November 30, 2001.

The Required Supplemental Information on page 55 is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Arthur Andersen LLP

Arthur Andersen LLP

Chicago, Illinois
May 17, 2002

COOK COUNTY, ILLINOIS

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS
November 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups				
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)
ASSETS:												
Cash and investments	$ 124,092,116	$ 259,304,959	$ 145,314,598	$ 1,509,970	$ 124,683,847	$ -	$ 6,312,793,333	$ -	$ -	$ 6,967,698,832	$ 73,050,964	$ 7,040,749,796
Cash and investments with trustees	-	-	-	46,901,007	-	-	-	-	-	46,901,007	7,437,231	54,338,238
Cash and investments with paying and escrow agents and trustees	-	-	625	-	-	-	-	-	-	625	-	625
Taxes receivable (net of allowance for loss) -												
Tax levy - current year	216,450,765	180,659,365	149,798,066	5,421,444	185,423,991	-	155,312,358	-	-	893,065,989	22,543,000	915,608,989
Tax levy - prior year	1,919,979	1,522,625	9,818,618	-	1,661,650	-	-	-	-	14,922,872	-	14,922,872
Accrued interest receivable	6,317	165,688	1,816,926	172,705	-	7,518	25,132,170	-	-	27,321,324	-	27,321,324
Prepaid expense	-	91,981	-	-	-	-	-	-	-	91,981	-	91,981
Accounts receivable -												
Due from others	1,356,572	181,327	-	-	1,125,559	-	6,418,430	-	-	9,081,888	13,330,815	22,412,703
Due from other governments	71,711,439	33,062,725	-	-	8,832,744	-	-	-	-	113,606,908	-	113,606,908
Due from other funds	21,552,009	43,859,317	4,342,566	113,776,145	5,158,637	-	11,834,869	-	-	200,523,543	-	200,523,543
Patient receivables, net of allowance for doubtful accounts	-	-	-	-	127,130,151	-	-	-	-	127,130,151	-	127,130,151
Accrued revenue under secondary interagency agreement	-	-	-	-	32,500,000	-	-	-	-	32,500,000	-	32,500,000
Inventories and other assets	-	-	-	-	14,103,577	-	1,504,059	-	-	15,607,636	2,883,000	18,490,636
Loans receivable, net	-	24,730,528	-	-	-	-	-	-	-	24,730,528	-	24,730,528
Other receivables	-	-	-	-	-	-	-	-	-	-	6,030,948	6,030,948
Property and equipment	-	-	-	-	595,676,142	-	-	1,582,969,025	-	2,178,645,167	218,341,348	2,396,986,515
Less - accumulated depreciation	-	-	-	-	(438,292,401)	-	-	-	-	(438,292,401)	(80,813,908)	(519,106,309)
Construction in progress	-	-	-	-	405,846,581	-	-	4,302,385	-	410,148,966	-	410,148,966
Amount available -												
General obligation bonds	-	-	-	-	-	-	-	-	144,347,199	144,347,199	-	144,347,199
Amount to be provided -												
General obligation bonds	-	-	-	-	-	-	-	-	1,976,562,801	1,976,562,801	-	1,976,562,801
Property tax objections	-	-	-	-	-	-	-	-	18,061,414	18,061,414	-	18,061,414
Tort liability	-	-	-	-	-	-	-	-	700,000	700,000	-	700,000
Compensated absences	-	-	-	-	-	-	-	-	4,218,291	4,218,291	-	4,218,291
Total assets	$ 437,089,197	$ 543,598,515	$ 311,091,399	$ 167,781,280	$ 1,063,850,478	$ 7,518	$ 6,512,995,219	$ 1,587,271,410	$ 2,143,889,705	$ 12,767,574,721	$ 262,803,398	$ 13,030,378,119

The accompanying notes are an integral part of the financial statements.

COOK COUNTY, ILLINOIS

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS
November 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups				
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	Fixed Assets	Long Term Obligations	Primary Totals (Memorandum Only)	Component Units	Reporting Entity Totals (Memorandum Only)
LIABILITIES:												
Accounts payable	$ 25,198,713	$ 17,524,081	$ -	$ 35,470,560	$ 31,680,579	$ 12,840,960	$ 4,742,418	$ -	$ -	$ 127,657,311	$ 5,769,585	$ 133,426,896
Accrued salaries payable	30,355,527	2,999,923	-	-	17,795,528	-	-	-	-	51,150,978	2,003,209	53,154,187
Accrued vacation leave	39,097,714	710,903	-	-	33,633,873	-	-	-	-	73,442,490	-	73,442,490
Accrued health claims	-	-	-	-	1,490,076	-	-	-	-	1,490,076	-	1,490,076
Amounts held for outstanding warrants	2,317,335	-	-	-	-	-	-	-	-	2,317,335	-	2,317,335
Self-insurance claims	-	-	-	-	-	233,891,156	-	-	-	233,891,156	-	233,891,156
Due to other funds	-	40,029,423	-	118,599,299	-	18,246,315	29,277,529	-	-	206,152,566	-	206,152,566
Due to other governments	-	49.239	-	-	-	-	146,101,468	-	-	146,150,707	292,231	146,442,938
Due to employees	-	-	-	-	-	-	3,248,006	-	-	3,248,006	-	3,248,006
Due to others	-	-	10,559,256	-	302,253	-	327,289,357	-	-	338,150,866	431,000	338,581,866
Cash overdraft	-	-	-	-	75,146,422	-	-	-	-	75,146,422	-	75,146,422
Deferred revenue - property tax	213,319,282	173,184,716	156,184,319	4,185,248	-	-	-	-	-	546,873,565	-	546,873,565
Deferred revenue - other	30,156,319	33,584,916	-	-	-	-	-	-	-	63,741,235	23,064,000	86,805,235
Unclaimed escrow deposits	-	-	625	-	-	-	-	-	-	625	-	625
Other liabilities	-	638,374	-	-	118,123	-	-	-	-	756,497	5,908,289	6,664,786
General obligation bonds payable	-	-	-	-	-	-	-	-	2,120,910,000	2,120,910,000	-	2,120,910,000
General obligation variable rate demand bonds payable	-	-	-	-	-	-	-	-	-	-	29,180,000	29,180,000
Property tax objections	-	-	-	-	6,708,668	-	-	-	18,061,414	24,770,082	-	24,770,082
Tort liability	-	-	-	-	-	-	-	-	700,000	700,000	-	700,000
Compensated absences	-	-	-	-	-	-	-	-	4,218,291	4,218,201	-	4,218,291
Total liabilities	340,444,890	268,721,575	166,744,200	158,255,107	167,075,522	264,978,431	510,658,778	-	2,143,889,705	4,020,768,208	66,648,314	4,087,416,522
EQUITY AND OTHER CREDITS:												
Investment in general fixed assets	-	-	-	-	-	-	-	1,587,271,410	-	1,587,271,410	-	1,587,271,410
Contributed capital	-	-	-	-	473,370,108	-	-	-	-	473,370,108	-	473,370,108
Retained earnings (deficit)	-	-	-	-	423,404,848	(264,970,913)	-	-	-	158,433,935	5,948,084	164,382,019
Fund Balance -												
Reserved -												
Encumbrances - prior year	1,637,902	1,809,365	-	-	-	-	-	-	-	3,447,267	-	3,447,267
Encumbrances - current year	20,709,095	82,072,218	-	150,416,952	-	-	-	-	-	253,198,265	-	253,198,265
Employee pensions	-	-	-	-	-	-	5,668,236,212	-	-	5,668,236,212	-	5,668,236,212
Temporarily restricted	-	-	-	-	-	-	-	-	-	-	16,742,000	16,742,000
Permanently restricted	-	-	-	-	-	-	-	-	-	-	9,584,000	9,584,000
Reserve for loans outstanding	-	24,730,528	-	-	-	-	-	-	-	24,730,528	-	24,730,528
Unreserved -												
Designated	-	-	-	-	-	-	-	-	-	-	72,823,000	72,823,000
Undesignated	74,297,310	166,264,829	144,347,199	(140,890,779)	-	-	314,100,229	-	-	558,118,788	91,058,000	649,176,788
Total equity and other credits (deficit)	96,644,307	274,876,940	144,347,199	9,526,173	896,774,956	(264,970,913)	6,002,336,441	1,587,271,410	-	8,746,806,513	196,155,084	8,942,961,597
Total liabilities and fund equity	$ 437,089,197	$ 543,598,515	$ 311,091,399	$ 167,781,280	$ 1,063,850,478	$ 7,518	$ 6,512,995,219	$ 1,587,271,410	$ 2,143,889,705	$ 12,767,574,721	$ 262,803,398	$ 13,030,378,119

The accompanying notes are an integral part of the financial statements.

COOK COUNTY, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Year Ended November 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
REVENUES:						
Taxes -						
Property	$ 208,665,710	$ 187,882,137	$ 145,192,938	$ 5,676,701	$ -	$ 547,417,486
Nonproperty	551,145,158	121,427,741	-	-	-	672,572,899
Fees and licenses	189,855,802	26,072,324	-	-	-	215,928,126
Federal government	-	44,705,818	-	-	-	44,705,818
State of Illinois	-	66,510,272	-	-	-	66,510,272
Other governments	-	9,924,354	-	-	-	9,924,354
Investment income	7,509,081	8,678,517	8,930,072	7,218,094	8,165,178	40,500,942
Reimbursements from other governments	39,929,784	-	-	-	-	39,929,784
Miscellaneous	24,704,111	9,003,748	-	9,147,026	-	42,854,885
Total revenues	1,021,809,646	474,204,911	154,123,010	22,041,821	8,165,178	1,680,344,566
EXPENDITURES:						
Current -						
Government management and supporting services	108,178,690	15,695,323	-	-	-	123,874,013
Corrections	335,587,663	61,094,898	-	-	-	396,682,561
Courts	542,535,954	112,526,682	-	-	-	655,062,636
Control of environment	2,560,686	44,386,120	-	-	-	46,946,806
Assessment and collection of taxes	48,263,917	4,864,474	-	-	-	53,128,391
Election	13,456,584	13,967,971	-	-	-	27,424,555
Economic and human development	3,170,421	38,224,773	-	-	-	41,395,194
Transportation	20,576,289	75,955,497	-	-	-	96,531,786
Enterprise Fund	-	57,021,455	-	-	-	57,021,455
Capital outlay	-	-	-	249,174,806	-	249,174,806
Debt service -						
Principal retirement	-	-	54,080,000	110,500,000	-	164,580,000
Interest and other charges	-	-	115,132,892	1,602,166	-	116,735,058
Amounts incurred in the above accounts for the Enterprise Funds	(10,841,716)	-	-	-	-	(10,841,716)
Total expenditures	1,063,488,488	423,737,193	169,212,892	361,276,972	-	2,017,715,545
Revenues over (under) expenditures	(41,678,842)	50,467,718	(15,089,882)	(339,235,151)	8,165,178	(337,370,979)

The accompanying notes are an integral part of the financial statements.

COOK COUNTY, ILLINOIS

COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
For the Year Ended November 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
OTHER FINANCING SOURCES (USES):						
Operating transfers in	46,998,861	5,144,868	-	41,162,364	-	93,306,093
Operating transfers out	(13,341,716)	(32,498,861)	(1,162,364)	(41,144,868)	(16,000,000)	(104,147,809)
Proceeds of general obligation bonds	-	-	63,213,821	316,652,148	-	379,865,969
Sale of land	-	2,909,154	-	-	-	2,909,154
Total other financing sources (uses)	33,657,145	(24,444,839)	62,051,457	316,669,644	(16,000,000)	371,933,407
Revenues and other financing sources over (under) expenditures and other financing uses	(8,021,697)	26,022,879	46,961,575	(22,565,507)	(7,834,822)	34,562,428
FUND BALANCE, November 30, 2000 as reported	151,150,922	256,651,124	97,385,624	32,365,733	321,935,051	859,488,454
Prior Period Adjustment	(38,184,918)	(7,797,063)	-	(274,053)	-	(46,256,034)
FUND BALANCE, November 30, 2000 as restated	112,966,004	248,854,061	97,385,624	32,091,680	321,935,051	813,232,420
RESIDUAL EQUITY TRANSFER	(8,300,000)	-	-	-	-	(8,300,000)
FUND BALANCE, November 30, 2001	$ 96,644,307	$ 274,876,940	$ 144,347,199	$ 9,526,173	$ 314,100,229	$ 839,494,848

The accompanying notes are an integral part of the financial statements.

Exhibit 3

COOK COUNTY, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)

For the Year Ended November 30, 2001

	General Fund			Budgeted Special Revenue Funds			Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Taxes -									
Property	$ 216,450,765	$ 216,724,030	$ 273,265	$ 184,997,837	$ 184,997,837	$ -	$ 148,808,618	$ 153,282,519	$ 4,473,901
Nonproperty	521,659,907	556,634,944	34,975,037	122,482,936	122,053,657	(429,279)	-	-	-
Fees and licenses	171,453,126	190,974,143	19,521,017	24,146,830	25,896,638	1,749,808	-	-	-
State of Illinois	-	-	-	2,178,782	5,586,826	3,408,044	-	-	-
Investment income	-	7,600,778	7,500,778	823,988	8,555,250	7,731,262	-	7,808,402	7,808,402
Reimbursements from other governments	26,536,205	42,453,999	15,917,794	-	548,414	548,414	-	-	-
Miscellaneous	11,955,313	22,728,984	10,773,671	12,482,868	10,151,612	(2,331,256)	-	-	-
Total revenues	948,055,316	1,037,016,878	88,961,562	347,113,241	357,790,234	10,676,993	148,808,618	161,090,921	12,282,303
EXPENDITURES AND ENCUMBRANCES:									
Current -									
Government management and supporting services	132,871,191	117,475,329	15,395,862	16,298,178	15,932,722	365,456	-	-	-
Correction	345,398,451	334,333,365	11,065,086	39,593,497	35,914,452	3,679,045	-	-	-
Courts	557,904,587	535,132,784	22,771,803	69,788,413	67,486,469	2,301,944	-	-	-
Control of environment	2,693,448	2,521,001	172,447	103,942,295	101,704,804	2,237,491	-	-	-
Assessment and collection of taxes	50,408,417	46,887,036	3,521,381	1,071,151	1,036,084	35,067	-	-	-
Election	13,711,269	13,303,350	407,919	16,181,106	13,929,414	2,251,692	-	-	-
Economic and human development	3,550,586	3,243,149	307,437	4,450,753	4,450,753	-	-	-	-
Transportation	24,322,979	20,424,136	3,898,843	181,522,786	91,847,818	89,674,968	-	-	-
Enterprise Fund	-	-	-	3,582,557	3,582,557	-	-	-	-
Capital outlay	-	-	-	14,025,849	825,820	13,200,029	-	-	-
Debt Service -									
Principal retirement	-	-	-	-	-	-	58,972,500	59,837,996	(865,496)
Interest and other charges	-	-	-	-	-	-	89,836,118	93,477,286	(3,641,168)
Total expenditures and encumbrances	1,130,860,928	1,073,320,150	57,540,778	450,456,585	336,710,893	113,745,692	148,808,618	153,315,282	(4,506,664)
Revenues over (under) expenditures and encumbrances	(182,805,612)	(36,303,272)	146,502,340	(103,343,344)	21,079,341	124,422,685	-	7,775,639	7,775,639

The accompanying notes are an integral part of the financial statements.

COOK COUNTY, ILLINOIS

COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)

For the Year Ended November 30, 2001

	General Fund			Budgeted Special Revenue Funds			Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES):									
Operating transfers in	30,378,968	46,998,861	16,619,893	4,000,000	5,144,868	1,144,868	-	-	-
Operating transfers out	-	(2,500,000)	(2,500,000)	(32,485,122)	(32,485,122)	-	-	-	-
Proceeds from general obligation bonds	-	-	-	-	-	-	-	60,137,849	60,137,849
Sale of land	-	-	-	-	2,909,154	2,909,154	-	-	-
Total other financing sources (uses)	30,378,968	44,498,861	14,119,893	(28,485,122)	(24,431,100)	4,054,022	-	60,137,849	60,137,849
Revenues and other financing sources over (under) expenditures and encumbrances and other financing uses	$ (152,426,644)	$ 8,195,589	$ 160,622,233	$ (131,828,466)	$ (3,351,759)	$ 128,476,707	$ -	$ 67,913,486	$ 67,913,488

The accompanying notes are an integral part of the financial statements.

COOK COUNTY, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES AND COMPONENT UNITS

For the Year Ended November 30, 2001

	Proprietary Fund Types		Primary Totals (Memorandum Only)	Component Unit Emergency Telephone System	Reporting Entity Totals (Memorandum Only)
	Enterprise	Internal Service			
OPERATING REVENUES:					
Net patient service revenue	$ 621,230,421	$ -	$ 621,230,421	$ -	$ 621,230,421
Surcharge revenue	-	-	-	1,793,493	1,793,493
Investment income	-	-	-	198,392	198,392
Charges to other funds	-	12,304,123	12,304,123	-	12,304,123
Miscellaneous	6,104,458	45,303,091	51,407,549	-	51,407,549
Total operating revenues	627,334,879	57,607,214	684,942,093	1,991,885	686,933,978
OPERATING EXPENSES:					
Personnel services	603,187,047	-	603,187,047	653,970	603,841,017
Supplies	110,404,572	-	110,404,572	242,361	110,646,933
Insurance expense	5,023	-	5,023	17,795	22,818
Claims expense, net of actuarial adjustments	-	71,107,756	71,107,756	-	71,107,756
Purchased services, rental and other	79,419,900	-	79,419,900	254,991	79,674,891
Depreciation	25,982,695	-	25,982,695	248,686	26,231,381
Utilities	10,975,067	-	10,975,067	-	10,975,067
Provision for bad debts	191,919,781	-	191,919,781	-	191,919,781
Services contributed by other County offices	10,841,716	-	10,841,716	-	10,841,716
Total operating expenses	1,032,735,801	71,107,756	1,103,843,557	1,417,803	1,105,261,360
Operating income (loss)	(405,400,922)	(13,500,542)	(418,901,464)	574,082	(418,327,382)

The accompanying notes are an integral part of the financial statements.

COOK COUNTY, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES AND COMPONENT UNITS
For the Year Ended November 30, 2001

	Proprietary Fund Types		Primary	Component Unit	Reporting Entity
	Enterprise	Internal Service	Totals (Memorandum Only)	Emergency Telephone System	Totals (Memorandum Only)
NONOPERATING REVENUES:					
Property taxes	$ 184,255,049	$ -	$ 184,255,049	$ -	$ 184,255,049
Sales taxes	40,701,697	-	40,701,697	-	40,701,697
Cigarette taxes	10,739,895	-	10,739,895	-	10,739,895
Investment income	4,847,828	-	4,847,828	-	4,847,828
Retirement plan contribution	55,889,903	-	55,889,903	-	55,889,903
Transfer from restricted purpose funds	21,537,876	-	21,537,876	-	21,537,876
Total nonoperating revenues	317,972,248	-	317,972,248	-	317,972,248
Net income (loss) before operating transfers/Restricted Activity	(87,428,674)	(13,500,542)	(100,929,216)	574,082	(100,355,134)
OPERATING TRANSFERS IN	10,841,716	-	10,841,716	-	10,841,716
RESTRICTED FUNDS ACTIVITY, net	(630,241)	-	(630,241)	-	(630,241)
Net income (loss)	(77,217,199)	(13,500,542)	(90,717,741)	574,082	(90,143,659)
CONTRIBUTED CAPITAL	156,751,886	-	156,751,886	-	156,751,886
TRANSFER OF DEPRECIATION ON CONTRIBUTED ASSETS TO CONTRIBUTED CAPITAL	23,684,221	-	23,684,221	-	23,684,221
Increase (decrease) in retained earnings	103,218,908	(13,500,542)	89,718,366	574,082	90,292,448
RETAINED EARNINGS, November 30, 2000	320,185,940	(251,470,371)	68,715,569	5,374,002	74,089,571
RETAINED EARNINGS, November 30, 2001	423,404,848	(264,970,913) -	158,433,935 -	5,948,084 -	164,382,019
CONTRIBUTED CAPITAL, November 30, 2000	497,054,329	-	497,054,329	-	497,054,329
LESS:					
Depreciation on contributed assets	(23,684,221)	-	(23,684,221)	-	(23,684,221)
CONTRIBUTED CAPITAL, November 30, 2001	473,370,108	-	473,370,108	-	473,370,108
TOTAL EQUITY & OTHER CREDITS (DEFICIT), November 30, 2001	$ 896,774,956	$ (264,970,913)	$ 631,804,043	$ 5,948,084	$ 637,752,127

The accompanying notes are an integral part of the financial statements.

COOK COUNTY, ILLINOIS

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES AND COMPONENT UNITS
For the Fiscal Year Ended November 30, 2001

	Proprietary Fund Types		Primary Totals	Component Unit	Reporting Entity
	Enterprise	Internal Service	(Memorandum Only)	Emergency Telephone System	Totals (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Gain (loss) from operations	$ (405,400,922)	$ (13,500,542)	$ (418,901,464)	$ 574,082	$ (418,327,382)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:					
Depreciation	25,982,695	-	25,982,695	248,686	26,231,381
Provision for bad debts	191,919,781	-	191,919,781	-	191,919,781
Retirement plan contribution	55,889,903	-	55,889,903	-	55,889,903
Services contributed by other County offices	10,841,716	-	10,841,716	-	10,841,716
Capital expenses financed by othe County funds	(1,482,994)	-	(1,482,994)	-	(1,482,994)
Change in assets and liabilities:					
Decrease in accounts receivable	-	-	-	34,062	34,062
Increase in patient accounts receivable	(209,399,365)	(7,518)	(209,406,883)	-	(209,406,883)
Decrease in third-party settlements receivable	4,758,811	-	4,758,811	-	4,758,811
Increase (decrease) in accounts payable	5,937,777	7,945,829	13,883,606	(25,448)	13,858,158
Increase in accrued salaries, wages and other liabilities, including accrued vacation and health claims	3,917,963	-	3,917,963	126,091	4,044,054
Decrease in self-insurance claims	-	(815,315)	(815,315)	-	(815,315)
Decrease (increase) in all other assets and liabilities	39,266,754	6,377,546	45,644,300	(287,953)	45,356,347
Net cash provided by (used in) operating activities	(277,767,881)	-	(277,767,881)	669,520	(277,098,361)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Borrowings from working cash fund	69,500,000	-	69,500,000	-	69,500,000
Repayment of borrowings from working cash fund	(69,500,000)	-	(69,500,000)	-	(69,500,000)
Restricted gifts, grants and bequests	20,907,635	-	20,907,635	-	20,907,635
Real and personal property taxes received, net	183,609,721	-	183,609,721	-	183,609,721
Sales tax received	40,153,041	-	40,153,041	-	40,153,041
Cigarette taxes received	10,739,895	-	10,739,895	-	10,739,895
Investment with trustee	-	-	-	6,097	6,097
Net cash provided by (used in) noncapital financial activities	255,410,292	-	255,410,292	6,097	255,416,389
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(45,031)	-	(45,031)	-	(45,031)
Proceeds from sale of capital assets	1,257,133	-	1,257,133	-	1,257,133
Net cash provided by (used in) capital and related financing activities	1,212,102	-	1,212,102	-	1,212,102
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	4,847,828	-	4,847,828	-	4,847,828
Sale (purchase) of time deposit	-	-	-	(679,582)	(679,582)
Capital additions	-	-	-	(263,843)	(263,843)
Cash investment with trustee	-	-	-	(6,097)	(6,097)
Net cash provided by (used in) investing activities	4,847,828	-	4,847,828	(949,522)	3,898,306
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,297,659)	-	(16,297,659)	(273,905)	(16,571,564)
CASH AND CASH EQUIVALENTS, November 30, 2000	140,981,506	-	140,981,506	861,214	141,842,720
CASH AND CASH EQUIVALENTS, November 30, 2001	$ 124,683,847	$ -	$ 124,683,847	$ 587,309	$ 125,271,156
NON-CASH TRANSACTIONS:					
Retirement plan contribution	$ 55,889,903	$ -	$ 55,889,903	$ -	$ 55,889,903
Services contributed by other County offices	10,841,716	-	10,841,716	-	10,841,716
Contributed capital assets	156,751,866	-	156,751,866	-	156,751,866

The accompanying notes are an integral part of the financial statements.

Exhibit 6

COOK COUNTY, ILLINOIS
PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE YEAR ENDED November 30, 2001

ADDITIONS	County Employees' and Officers' Annuity and Benefit Fund of Cook County	Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	Total
Contributions -			
Employer	$ 155,287,454	$ 3,348,217	$ 158,635,671
Plan member	119,587,172	3,064,172	122,651,344
Total contributions	274,874,626	6,412,389	281,287,015
Investment income -			
Net appreciation in fair value of investments	8,220,614	1,972,218	10,192,832
Interest	165,577,923	5,571,575	171,149,498
Dividend and other investment income	33,598,925	688,180	34,287,105
Investment expense	(7,140,687)	(365,908)	(7,506,595)
Net investment income	200,256,775	7,866,065	208,122,840
Miscellaneous	3,467,684	30,984	3,498,668
Total additions	478,599,085	14,309,438	492,908,523
DEDUCTIONS			
Annuity benefits	173,494,253	5,351,200	178,845,453
Disability benefits	8,694,156	292,674	8,986,830
Group hospital premiums	19,278,274	831,815	20,110,089
Refunds to employees	23,247,323	819,625	24,066,948
Administrative expenses	4,131,255	135,957	4,267,212
Total deductions	228,845,261	7,431,271	236,276,532
Net increase	249,753,824	6,878,167	256,631,991
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, November 30, 2000	5,270,884,911	160,719,310	5,431,604,221
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, November 30, 2001	$ 5,520,638,735	$ 167,597,477	$ 5,688,236,212

The accompanying notes are an integral part of the financial statements.

COOK COUNTY, ILLINOIS

COMBINING BALANCE SHEET FOR COMPONENT UNITS – ALL FUND TYPES
November 30, 2001

	Not-For-Profit Organizations		Proprietary Fund	
	Chicago Zoological Society	Chicago Horticultural Society	Emergency Telephone Systems	Total
ASSETS:				
Cash and cash equivalents	$ 7,095,000	$ 5,703,000	$ 587,309	$ 13,385,309
Investment securities	7,211,000	48,036,000	4,418,655	59,665,655
Cash and investments	14,306,000	53,739,000	5,005,964	73,050,964
Cash and investments with trustees	-	7,145,000	292,231	7,437,231
Taxes receivable (net of allowance for loss) -				
Tax levy - current year	13,726,000	8,817,000	-	22,543,000
Accounts receivable -				
Due from others	7,447,000	5,440,000	443,815	13,330,815
Inventories and other assets	1,373,000	-	-	1,373,000
Other receivables	379,000	5,583,000	68,948	6,030,948
Other assets	720,000	790,000	-	1,510,000
Property and equipment	139,127,000	77,048,000	2,166,348	218,341,348
Less - accumulated depreciation	(45,966,000)	(33,962,000)	(885,908)	(80,813,908)
Total assets	$ 131,112,000	$ 124,600,000	$ 7,091,398	$ 262,803,398
LIABILITIES:				
Accounts payable	$ 2,084,000	$ 3,667,000	$ 18,585	$ 5,769,585
Accrued salaries payable	1,445,000	-	558,209	2,003,209
Due to other governments	-	-	292,231	292,231
Due to others	251,000	-	-	251,000
Current portion of revenue bonds payable	180,000	-	-	180,000
Deferred revenue - other	14,049,000	9,015,000	-	23,064,000
Other liabilities	5,634,000	-	274,289	5,908,289
Revenue bonds payable, less current portion	9,180,000	20,000,000	-	29,180,000
Total liabilities	32,823,000	32,682,000	1,143,314	66,648,314
EQUITY AND OTHER CREDITS:				
Net assets/Retained earnings -				
Restricted	6,278,000	20,048,000	5,948,084	32,274,084
Unrestricted				
Designated	15,179,000	57,644,000	-	72,823,000
Undesignated	76,832,000	14,226,000	-	91,058,000
Total equity and other credits	98,289,000	91,918,000	5,948,084	196,155,084
Total liabilities and retained earnings	$ 131,112,000	$ 124,600,000	$ 7,091,398	$ 262,803,398

The accompanying notes are an integral part of the financial statements.

Exhibit 8

COOK COUNTY, ILLINOIS
COMBINING STATEMENT OF CHANGE IN NET ASSETS – NOT-FOR-PROFIT ORGANIZATIONS
FOR THE YEAR ENDED NOVEMBER 30, 2001

	Chicago Zoological Society	Chicago Horticultural Society	Total
REVENUE:			
Tax revenue	$ 13,821,000	$ 8,678,000	$ 22,499,000
Capital development and renovation	1,497,000	-	1,497,000
Federal, state and other grants	5,465,000	5,651,000	11,116,000
Admissions and parking	6,980,000	-	6,980,000
Guest services	13,759,000	-	13,759,000
Contributions and bequests	4,949,000	12,254,000	17,203,000
Membership dues	4,424,000	2,059,000	6,483,000
Education fees	-	671,000	671,000
Visitor operations	-	4,135,000	4,135,000
Investment income (loss)	(612,000)	2,134,000	1,522,000
Fundraising benefts, net	-	14,000	14,000
Other income	1,083,000	178,000	1,261,000
Total revenues	51,366,000	35,774,000	87,140,000
EXPENSES:			
Program services -			
Animal collection and conservation biology	11,493,000	-	11,493,000
Care of buildings and grounds	9,229,000	6,697,000	15,926,000
Admissions and parking	2,134,000	-	2,134,000
Guest services	11,205,000	-	11,205,000
Membership	-	1,063,000	1,063,000
Public education	3,116,000	4,100,000	7,216,000
Visitor operations	-	4,331,000	4,331,000
Research and conservation	-	554,000	554,000
Marketing and public relations	2,838,000	-	2,838,000
Depreciation	4,036,000	2,909,000	6,945,000
Supporting services -			
Management and general	2,974,000	2,418,000	5,392,000
Fund-raising	1,677,000	-	1,677,000
Membership development	950,000	2,099,000	3,049,000
Total expenses	49,652,000	24,171,000	73,823,000
Change in net assets from operations	1,714,000	11,603,000	13,317,000
Investment return in excess of amounts designated for current use	-	354,000	354,000
CHANGE IN NET ASSETS	1,714,000	11,957,000	13,671,000
NET ASSETS, beginning of year as reported	96,575,000	78,903,000	175,478,000
Prior Period Adjustment	-	1,058,000	1,058,000
NET ASSETS, beginning of year as restated	96,575,000	79,961,000	176,536,000
NET ASSETS, end of year	$ 98,289,000	$ 91,918,000	$ 190,207,000

The accompanying notes are an integral part of the financial statements.

Exhibit 9

COOK COUNTY, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS –
NOT- FOR-PROFIT ORGANIZATIONS
FOR THE YEAR ENDED NOVEMBER 30, 2001

	Chicago Zoological Society	Chicago Horticultural Society	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ 1,714,000	$ 13,015,000	$ 14,729,000
Adjustments to reconcile change in net assets to net cash provided by operating activities -			
Depreciation	4,036,000	2,909,000	6,945,000
Net realized and unrealized gain (loss) on long-term investment securities	1,375,000	(1,286,000)	89,000
Decrease (increase) in -			
Short-term investments	-	(1,472,000)	(1,472,000)
Unrestricted promises to give	(94,000)	-	(94,000)
Beneficial interests in third party trusts	-	(38,000)	(38,000)
Inventory	259,000	-	259,000
Miscellaneous receivables and other current assets	1,941,000	46,000	1,987,000
Other current assets	398,000	-	398,000
Taxes receivable	-	461,000	461,000
Pledges receivable	-	(6,233,000)	(6,233,000)
Unamortized revenue bond issue costs	13,000	-	13,000
Increase (decrease) in -			
Accounts payable and accrued expenses	(1,535,000)	1,307,000	(228,000)
Payroll-related accruals and accrued liabilities	233,000	-	233,000
Deferred liabilities	(688,000)	-	(688,000)
Accrued sick pay and postretirement benefits	141,000	-	141,000
Contributions restricted for long-term purposes	(6,635,000)	-	(6,635,000)
Other long-term liabilities	66,000	-	66,000
Deferred tax revenue	-	(86,000)	(86,000)
Net cash provided by operating activities	1,224,000	8,623,000	9,847,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures, net	(7,906,000)	(9,314,000)	(17,220,000)
Net proceeds from sale of investment securities	-	11,874,000	11,874,000
Purchases (sales) of investment securities, net	273,000	(13,471,000)	(13,198,000)
Net cash used in investing activities	(7,633,000)	(10,911,000)	(18,544,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments of long-term debt	(275,000)	-	(275,000)
Proceeds from contributions restricted for long-term purposes	4,788,000	-	4,788,000
Purchase of trustee-held investments	-	6,040,000	6,040,000
Net cash provided by financing activities	4,513,000	6,040,000	10,553,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,896,000)	3,752,000	1,856,000
CASH AND CASH EQUIVALENTS, beginning of year	8,991,000	1,951,000	10,942,000
CASH AND CASH EQUIVALENTS, end of year	$ 7,095,000	$ 5,703,000	$ 12,798,000

The accompanying notes are an integral part of the financial statements.

COOK COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

November 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cook County, Illinois (the "County"), a home rule unit under the Illinois Constitution of 1970, was created by the State of Illinois in 1831. The County is currently managed by 17 Commissioners elected from single member districts for four-year terms. The President of the County Board of Commissioners (the "County Board") is also elected and serves as the chief executive officer; he may also be elected as a Commissioner. Currently, the President is a Commissioner. All 17 Commissioners serve as the legislative body.

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

a. Financial Reporting Entity

As required by accounting principles generally accepted in the United States ("GAAP"), these financial statements present the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. The following component units have been blended into the County's financial statements:

(1) The Forest Preserve District of Cook County, Illinois (the "District") was established pursuant to Illinois Compiled Statute (Chapter 40, Act 5, Sections 9-101 to 10-108) on July 1, 1914. The District is governed by the same Board of Commissioners that currently serves as members of the County's Board. As a result, in accordance with GAAP, the operations of the District are blended with the County for financial reporting purposes. The District appoints management positions and has authority for budgets, fiscal management and the setting of charges and fees for the use of forest preserve facilities. The District is subject to its own statutory tax rate limitations. The District has the power to create forest preserve facilities and may issue debt secured by the full faith and credit of the District. The County is not responsible for financing operating deficits or debt service of the District. The boundaries of the District are coterminous with the boundaries of the County. The District's financial statements for the year ended December 31, 2000, are blended in the County's general purpose financial statements, except for two of the District's component units which are discretely presented and discussed below. The District's financial statements include all required funds and account groups.

(2) The County Employees' and Officers' Annuity and Benefit Fund and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County (the "Pension Trust Funds") are defined benefit, single-employer pension plans established by Illinois Compiled Statutes (Chapter 40, Acts 5/9 and 5/10). The County's Retirement Board is the administrator of the County Employees' and Officers' Annuity and Benefit Fund and consists of seven members, two of whom

are appointed and five of whom are elected. The County's Retirement Board also acts as the ex-Officio Retirement Board for the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County. The Pension Trust Funds are maintained and operated for the benefit of the employees and officers of the County and the Forest Preserve District. As a result, the Pension Trust Funds are financed by investment income, employees' payroll deductions and property taxes levied and collected by the County and the Forest Preserve. In accordance with GAAP, both Pension Trust Funds' financial statements for the year ended December 31, 2000, are blended in the County's general purpose financial statements.

The following three component units have been discretely presented due to the nature and significance of their relationship to the County as described below:

(1) The Chicago Zoological Society maintains and operates the Brookfield Zoo (the "Zoo") in accordance with a contract with the District through April 2006. The contract provides for an automatic renewal for an additional 20 years unless revoked in writing 12 months prior to the end of the contract by either the District or the Zoo. The District funds a portion of the Zoo's operations through tax levies. Also, all the land has been provided by the District. The Zoo, which follows not-for-profit accounting principles, is presented for the year ended December 31, 2000.

(2) The Chicago Horticultural Society (the "Society") operates the Chicago Botanic Garden (the "Garden") under an agreement with the District that expires in 2015. The agreement provides for an automatic renewal for 40 years upon agreement of both parties. The District funds a portion of the Garden's operation through tax levies. All the land the Garden occupies is owned by the District. The Society, which follows not-for-profit accounting principles, is presented for the year ended December 31, 2000.

(3) The Cook County Emergency Telephone System (the "System") is a venture established by resolution of the Cook County Board of Commissioners in accordance with the Emergency Telephone System Act of the Illinois Compiled Statutes. The Cook County Board of Commissioners and the Sheriff's Office appoints the System's board members. The System was organized for the purpose of providing equipment, services, personnel, facilities and other items necessary for the implementation, operation, maintenance and repair of the E-911 Emergency Telephone System within the unincorporated portions of Cook County and the municipalities of Robbins, Ford Heights, Stone Park, Northlake, Golf and Phoenix, Illinois. The System, for the year ended November 30, 2001, is presented as a proprietary fund type.

The County is not aware of any other entity over which it exercises such significant control over its operational or financial relationship as to result in the entity being blended or discretely presented in the County's general purpose financial statements.

Refer to transmittal letter page xviii for information on where to obtain the financials statements of the Forest Preserve District, the Pension Funds, the Brookfield Zoo, the Chicago Botanic Gardens, and the Emergency Telephone System.

b. Basis of Presentation

The accounting system of the County is a fund system implemented to present the financial position and the results of operations of each fund. It is also designed to provide budgetary control over the revenues and expenditures of each fund. Separate funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund is an independent fiscal and accounting entity made up of a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein.

Accounting records for the District, the Zoo, the Garden, the System, the Pension Trust Funds, and the various fee offices are maintained by these respective entities. Accounting records for all other operations of the County are maintained by the Comptroller's office.

The following fund types and account groups are used by the County:

Governmental Funds

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund. There are two accounts used by the County for General Fund financial resources: the Corporate Account and the Public Safety Account. The Corporate Account includes all revenues and expenditures attributable to government management and supporting services, control of environment, assessment and collection of taxes, election, economic and human development and transportation. The Public Safety Account includes the revenues and expenditures attributable to the protection of persons and property (corrections and courts) and revenues and expenditures of Cermak Health Services and the Medical Examiner.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds – The Debt Service Funds are used to account for the accumulation of resources to pay for long-term debt and related costs.

Capital Project Funds – The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds

Enterprise Funds – The Enterprise Funds are used to account for the operations of the Cook County Health Facilities. The Cook County Health Facilities (the "Health Facilities") include the following entities: Cook County Hospital, Provident Hospital of Cook County, Oak Forest Hospital, The Cook County Department of Public Health, the Cook County Bureau of Health Services and the Ambulatory and Community Health Network of Cook County.

Internal Service Fund – The Internal Service Fund is used to account for Cook County's Self-Insurance Fund.

Fiduciary Funds

Pension Trust Funds – The Pension Trust Funds are used to account for transactions, assets, liabilities and net assets available for plan benefits of the County Employees' and Officers' Annuity and Benefit Fund of Cook County and Forest Preserve District Employees' Annuity and Benefit Fund of Cook County.

Expendable Trust Funds – The Expendable Trust Funds are used to account for the County's working cash resources maintained for the General, Election, Forest Preserve and Health Facilities Funds. The resources from these funds have historically been used only for temporary interfund loans. They are classified as Expendable Trust Funds pursuant to an opinion of legal counsel that, due to its "home rule" powers, the County has the authority to appropriate such monies.

Agency Funds – The Agency Funds are used to account for resources received and held by the County as an agent to be expended or invested in its agency capacity. Agency funds include amounts held by the following offices: the County Treasurer, the Clerk of the Circuit Court, the County Sheriff, the State's Attorney, the Public Guardian, the Public Administrator, the Forest Preserve District, Payroll Deductions and Other Fee Offices.

Account Groups

General Fixed Assets Account Group – This Account Group is used to account for all the general fixed assets of the County, except for the Proprietary fund, and its discretely presented component units.

General Long-Term Obligations Account Group – This Account Group is used to account for all long-term obligations of the County, except for the Proprietary fund, and its discretely presented component units.

c. Adoption of New Accounting Standards

During fiscal year 2001, the County adopted GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" ("GASB No. 33") and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues" ("GASB No. 36"). GASB No. 33 and No. 36 established new accounting and financial reporting standards for nonexchange transactions. Such transactions typically encompass most taxes, grants and private donations. In a nonexchange transaction, a governmental entity receives (or gives) value without giving (or receiving) equal value in return. The issue addressed in GASB No. 33 and No. 36 is the timing of revenue recognition of such nonexchange transactions, the result of which is an accounting adjustment to opening fund balance and a deferral of amounts previously reported as revenue.

As a result of adjusting reimbursement grant-related transactions and certain other tax revenues to reflect transactions for which the eligibility requirements had been met but resources had not been available (received within 60 days of the fiscal year end), the following reductions to the November 30, 2000 beginning fund balances were made:

General Funds	$	26,557,890
Special Revenue Funds	$	15,882,515

The corresponding amounts for these types of nonexchange transactions that are deferred at November 30, 2001:

General Funds	$	30,156,319
Special Revenue Funds	$	33,584,916

d. Basis of Accounting

(1) Governmental and Expendable Trust and Agency Funds

Governmental Fund types and the Expendable Trust and Agency Funds utilize the flow of financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual method of accounting, revenues are recognized when measurable and available for financing current obligations. Accordingly, property taxes are recognized as deferred revenue in the year of levy and as revenue in the subsequent year when the taxes become measurable and collectible within the current period, or 60 days thereafter. Uncollected taxes are written off by the County at the end of the fiscal year immediately following the year that the taxes become due. County sales tax revenues are being recorded in the accounting period when they are measurable and available. Accordingly sales tax amounts that are held by the State of Illinois at the County's fiscal year-end and are transmitted to the County within 60 days of the fiscal year-end have been recorded as fiscal 2001 revenues. Other taxes assessed by the County (use, gasoline, parking, alcohol and cigarette taxes) are reported as revenues for the month of assessment since such amounts are collected by the County within 30 days of month end. For most Federal and State grants, reimbursements and reimbursements from other governments are recognized as revenue when collected with 60 days of fiscal year end. Interest on investments is recognized when earned. Amounts held by other County offices at November 30, 2001, are accrued to the extent they are transmitted to the Comptroller within 60 days of fiscal year end. All other revenues are recognized when collected by the County.

Expenditures, other than principal and interest on long-term debt which is recognized as due, are recognized when obligations are incurred. Claims and judgments are recorded to the extent that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements, and the amount of loss can be reasonably estimated. Liabilities that are not expected to be liquidated with expendable available resources are recorded in the General Long-Term Obligations Account Group.

(2) Pension Trust Funds

The Pension Trust Funds utilize the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and measurable and expenses are recognized at the time liabilities are incurred.

(3) Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The Proprietary Funds have chosen to not apply Financial Accounting Standards Board pronouncements issued after November 30, 1989, pursuant to paragraph 7 of Government Accounting Standards No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting.*

(4) Enterprise Funds – Accounting records are maintained on an accrual basis, and revenue is recognized when earned and measurable. Expenses are recognized at the time liabilities are incurred.

(a) Net Patient Service Revenue

A significant amount of the Health Facilities' net revenue from patient services is derived from the Medicaid and Medicare programs. Payments under these programs are based on a specific amount per case, or on a contracted price or costs, as defined, of rendering services to program beneficiaries.

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered. Retroactive adjustments under reimbursement agreements with third-party payors are accrued in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

During fiscal year 2001, the Health Facilities' payor utilization was as follows, based on gross patient service revenue:

Self-pay	36%
Medicaid	45%
Medicare	13%
Other	6%
	100%

(b) Charity Care

Cook County Hospital, Oak Forest Hospital, Provident Hospital and Ambulatory and Community Health Network of Cook County ("ACHN") treat patients in need of medical services without regard to their ability to pay. The Hospitals maintain records to identify and monitor the level of charity care they provide. These records include the amount of charges forgone for services and supplies furnished as well as the estimated costs incurred for charity care services. During 2001, the following levels of charity care were provided:

Charges forgone for charity care	$123,349,074
Estimated costs incurred for charity care	$137,997,860

(c) Interagency Transfer Agreements

The Health Facilities receive enhanced Medicaid reimbursement by means of an Interagency Agreement (the "Agreement") between the Board of Commissioners and the Illinois Department of Public Aid (the "IDPA"). Under terms of the Agreement, the IDPA will direct additional funding to the Health Facilities for inpatient and outpatient services based on per diem and per visit cost reimbursement methodologies. In addition, the Agreement requires the IDPA to provide the Health Facilities additional funding to assist the Health Facilities in offsetting the cost of its uncompensated care. Such adjustment amounts include federal matching funds. These adjustment amounts are intended and understood not to constitute payments by the IDPA for health care services under Title XIX of the Social Security Act.

Under terms of the Interagency Agreement, the Health Facilities earned $102.0 million in net additional payments from the IDPA for fiscal year 2001 as follows: seven months of revenues relate to the State's fiscal year 2001, which ended on June 30, 2001 and five months of revenues for the State's fiscal year 2002, which began on July 1, 2001. Accordingly, the combined financial statements as of November 30, 2001 include accrued revenue under the Secondary Interagency Agreement of $32,500,000. Such accrued revenue, which is included in net patient service revenue in these combined financial statements, represents amounts earned during the first five months of the State's 2002 fiscal year less a $10 million payment related specifically to the State's fiscal year 2002 contribution.

Reimbursement under the Agreement will automatically terminate if federal funds under Title XIX are no longer available to match amounts collected and disbursed according to the terms of the Agreement, at the rate of at least 50%. The Agreement will also automatically terminate in any year in which the General Assembly of the State of Illinois fails to appropriate or reappropriate funds to pay the IDPA's obligations under these arrangements or any time that such funds are not available. The Interagency Agreement can be terminated by either party upon 15 days' notice. Additionally, the Interagency Agreement requires the parties to comply with certain laws, regulations and other terms of operations.

(5) Internal Service Fund – The Internal Service Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. The operating statement presents increases (revenues) and decreases (expenses) in net total assets.

The accrual basis of accounting is utilized by the Internal Service Fund. Under this method, revenue is recognized when earned and measurable and expenses are recognized at the time liabilities are incurred.

e. Budget

(1) County

The development of the annual budget begins with each department submitting a detailed request for appropriation. Meetings are then held by the President of the County Board and the budget staff with each department to review the request. Based on department requests and available resources, the Chief

Financial Officer, in conjunction with the Budget Director, prepares an executive budget which is submitted to the President for approval.

Concurrent with this process, the Chief Financial Officer and the County Comptroller prepare an estimate of revenues and other resources available for appropriations. This estimate is required by County ordinance to be submitted on or before November 1st of each year.

The executive budget, as approved by the President, is submitted to the County Board's Committee on Finance, which in turn holds hearings with each department.

Public hearings on the budget are held after which the Committee on Finance recommends the budget to the County Board with such amendments as it may deem appropriate. The budget, in the form of the Appropriation Ordinance, is then approved by the County Board with any further amendments that may be made by the County Board. The Annual Appropriation Ordinance must be adopted by March 1st of the current fiscal year, or the prior fiscal year's Ordinance remains in force for the current fiscal year. The County's current practice is to adopt the budget prior to the beginning of the current fiscal year.

The budget is prepared on an encumbrance accounting basis in which the current year's encumbrances are treated as expenditures of the current period on the budgetary operating statements. Annual budgetary appropriation accounts are established for the General Fund, budgeted Special Revenue Funds, the Debt Service Fund and the Health Facilities Enterprise Fund. These appropriation accounts represent the maximum expenditures authorized during the fiscal year, and they cannot legally be exceeded unless subsequently amended by the County Board. Unexpended and unencumbered appropriations lapse at the end of each fiscal year. Unencumbered balances in the various fund accounts of the County and other fund accounts may be inadequate to pay for services already rendered because of unforeseen commitments at the time the fiscal year 2001 Annual Appropriation Bill is passed. The Comptroller and the Treasurer are authorized to use these unexpended balances as transfers so that fund deficiencies may be liquidated. The Capital Project Funds apply project length budgets for fiscal control. The level of control where expenditures may not exceed the budget is the fund level of activity.

Governmental grants and other non-budgeted special revenue funds are not budgeted within the annual budgeting process, as discussed above. The County controls expenditures from nonbudgeted funds by monitoring cash balances through its accounting and cash disbursement system. Any Nonbudgeted Debt Service Funds' expenditures, which arise after the passage of the budget, are determined by the terms of bond indentures.

The County Board is authorized to amend the Annual Appropriation Ordinance by approving appropriation line item transfers within a department's budget or intrafund transfers between departments. Total appropriations for each fund cannot be changed unless a supplemental appropriation is approved by the Board of County Commissioners. Supplemental appropriation ordinances are approved when matched with estimated appropriable resources. During the fiscal year, no supplemental appropriations were approved by the Board of County Commissioners.

(2) Forest Preserve District

The District's Committee on Finance submits to the Forest Preserve Board a proposed operating budget for the fiscal year commencing January 1st. The operating budget includes proposed expenditures and the means of financing them. The budget document is available for public inspection for at least 30 days prior to the Board's passage of the Annual Appropriation Ordinance. The Board must hold at least one public hearing on the budget prior to its passage.

Within 60 days (March 1st) of the beginning of the fiscal year, the Board legally enacts the budget through the passage of the Annual Appropriation Ordinance. The Board is authorized to transfer budgeted amounts between various line items within any fund. The Board must approve any revisions altering the total expenditures of any fund. The budget information stated in the financial statements includes adjustments, if any, made during the year. The level of control where expenditures may not exceed the budget is the fund level of activity.

With the exception of unspent capital projects (construction and development funds), budgetary amounts lapse at year-end and are not carried forward to succeeding years. State statute permits the capital projects funds to be carried forward for four succeeding years until the fund is closed.

The budget is prepared on the cash basis of accounting for expenditures except for certain transactions which are accounted for on a basis other than accounting principles generally accepted in the United States ("GAAP basis"). The Special Revenue-General Surplus is the legally adopted expenditures from prior years that have not been expended to date. The major differences between the budget and GAAP basis are that for the Governmental Funds of the District property tax revenues are recorded on the full accrual method, while for budget purposes the current year's property tax levy (net of an allowance for loss and cost) is recognized as revenue.

The following funds have legally adopted budgets: Special Revenue - General, Debt Service, Real Estate Acquisition and Capital Projects.

f. Encumbrances/Commitments

The encumbrance system of accounting is followed in all governmental funds (except the Forest Preserve District and the Fiduciary Fund Types) under which current year's appropriations are charged when purchase orders, contracts and other commitments are made in order to reserve that portion of the applicable appropriation.

Encumbrances are not the equivalent of expenditures in GAAP operating statements; therefore, the reserve for encumbrances is reported as part of the fund balance. Encumbrances outstanding at the end of the fiscal year are carried forward as a reserve for encumbrances to be disbursed in the subsequent year(s).

Of the County's total reserve for encumbrances, $223,275,952 for fiscal 2001 is due to contractual commitments for County architectural, engineering and construction services for various construction and rehabilitation projects.

The Forest Preserve District has entered into a number of contractual commitments for construction and repair of various facilities the District owns. At December 31, 2000, the District has approximately $16,748,150 of major commitments.

g. Cash Management and Investments

(1) County (all reporting entities other than Forest Preserve District, Agency Funds and Pension Trust Funds)

The County Treasurer and Comptroller maintain cash records for all of the County Funds except the Forest Preserve District Funds, the Pension Trust Funds and the Agency funds which are discussed below. The County Comptroller maintains detailed cash records of receipts and disbursements for the following individual funds: 1) Corporate 2) Public Safety 3) Health Services 4) Special Revenue 5) Capital Projects and 6) Grants and the following four disbursement accounts: 1) Salary 2) Supply 3) Juror and 4) Election. The County Treasurer segregates and deposits cash receipts into the proper operating funding accounts which are recorded as individual bank accounts for each individual fund. The County Comptroller issues checks for authorized County expenses. Funding for County checks is made at time of issue into the appropriate disbursement checking account. Funding is accomplished when the County Comptroller communicates the verified balances from the daily funding report to the County Treasurer and transmits the daily issuance file to the County's operating disbursement bank. The County Treasurer then facilitates the movement of cash through wire transfers from the appropriate funding account into the appropriate disbursement account. The daily issuance transmissions to the County's operating disbursement bank are confirmed on a daily basis. Daily balances in the disbursement accounts, which represent checks not yet presented to the bank for payment, are invested nightly through an automated sweep into a money market mutual fund account, which is permissible under the law of the State of Illinois. A separate money market mutual fund account is maintained for each of the four individual disbursement accounts. The County Comptroller credits the Corporate Account for interest earned on the daily balances swept from the disbursement accounts to the money market mutual fund accounts.

Daily investments are made by the Treasurer and the interest earned is credited by the Comptroller to the appropriate fund.

During the year, the Treasurer invested in interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits, United States Treasury securities, various tax-exempt municipal securities and mutual funds. These investments are authorized by the Illinois State Statutes.

The County has an ordinance that directs all elected and appointed officials to invest public funds in their possession for which they are the custodian in interest-bearing accounts.

The County Treasurer has adopted an investment policy that limits the types of investments to be made for funds held by the Treasurer to the following investments authorized by the State of Illinois Public Fund Investment Act:

(a) Bonds, notes, certificates of indebtedness, Treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest, which have a liquid market with a readily determinable market value;

(b) Bonds, notes debentures or other similar obligations of the United States of America or its agencies;

(c) Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 IL CS 5/1, *et seq.*) (including the Investment Advisor and its bank affiliates), *provided however*, that any such bank must be insured by the Federal Deposit Insurance Corporation and be on the Treasurer's Office list of approved financial institutions;

(d) Repurchase agreements whose underlying purchased securities consist of the foregoing instruments described in (a) through (c) above;

(e) Short-term obligations of corporations organized in the United States of America with assets exceeding $500,000,000, *provided however*, that such obligations are rated at the time of purchase within one of the three highest classifications established by at least two standard rating services, such obligations mature not later than 180 days from the date of purchase, and such purchases does not exceed 10% of the applicable corporation's outstanding obligation and *further provided, however*, that no more than one-third of the Treasurer's assets shall be invested in such short-term obligations at any one time.

(f) Money market mutual funds registered under the Investment Company Act of 1940, as from time to time amended (including those funds managed by the Investment Advisor and its affiliates), *provided however*, that the portfolio of any such money market fund is limited to obligations described in paragraph (a) or (b) above and to agreements to repurchase such obligations;

(g) Local government investment pools (such as the Illinois Funds or the Illinois Metropolitan Investment Fund) either state-administered or through joint powers statutes and other intergovernmental agreement legislation;

(h) Any other investment instruments now permitted by the provisions of the Investment Act or any other applicable statutes, or hereafter permitted by reason of the amendment of the Investment Act or the adoption of any other statute or ordinance applicable to the investment of County funds, provided that such instruments are approved in writing prior to purchase by the Investment Policy Committee.

The Treasurer's policy prohibits the purchase of financial forwards or futures contracts, any leveraged investments, lending securities, or reverse repurchase agreements.

Temporary cash borrowings take place among the various operating funds. These interfund borrowings allow idle cash not currently required in some funds to be borrowed by other funds on a temporary basis. Since the County's operating bank accounts are maintained on a pooled basis, temporary interfund borrowings result from the issuance of checks in amounts in excess of the cash credited to the fund for which the check was issued. The County believes that prudent interfund borrowing of temporarily idle moneys constitutes an appropriate cash management practice since it reduces the need for external borrowings. Interfund borrowings are not made from cash accounts maintained for debt service or rental payments.

Working cash funds are maintained for the County and Forest Preserve District fund purposes. The money to establish and increase these working cash funds was obtained from the issuance of long-term bonds and from legally available County resources. Monies on deposit in the working cash funds are invested with the interest earnings being credited to the working cash funds. The working cash funds, as of November 30, 2001, totaled $314,100,229, of which $153,307,371 is for General, $127,434,757 for Health Facilities, $21,858,101 for Election and $11,500,000 at December 31, 2000, for Forest Preserve District purposes.

The County maintains separate and restricted escrow cash accounts with Trustees for all outstanding general obligation debt and capital projects. Current tax collections are transferred into escrow cash accounts to satisfy the above liabilities as they become due. The County invests the principal in the escrow accounts in accordance with the provisions of each bond ordinance. Investments are primarily investment grade commercial paper, certificates of deposit, treasury notes and money market funds.

(2) Forest Preserve District

The Forest Preserve District maintains its own cash and investment pool that is available for use by all of its funds. This pool holds deposits, certificates of deposit, repurchase agreements and other investments with maturities of less than one year. Investments are stated at cost, which approximates market value. Deferred compensation plan assets are recorded at market value. Per State Statute, the District has discretion in allocating interest income to its various funds, except for the pro-rata share belonging to the District's Bond and Interest Fund.

The District's deposit and investment policies are governed by State Statute. Illinois State Statute limits the uninsured, uncollateralized deposits of a public agency to 75% of the financial institution's (bank or savings and loan) net worth. The District is in compliance with this statute. The Districts' written investment policy generally requires financial institutions with holdings in excess of the Federally insured limit of $100,000, to post, with the correspondent banker approved and authorized by the District, sufficient collateral of 110% of investment value to protect the District in the event of a default.

The District maintains separate and restricted escrow accounts for all outstanding general obligation bonds. Current tax collections are transferred into escrow to satisfy as soon as possible, the bond or note holders security interest in the District's specific tax levy. Once tax collections are transferred to the escrow account the District can no longer reacquire the cash for any District operations until after payment is made to the paying agent. The District retains the power to invest the principal of the escrow account. Investments are primarily certificates of deposit.

(3) Agency Funds

The Agency Funds, which include various fee offices of the County, maintain their own cash and investment accounts to manage the various activities of the County. The funds are governed by the County's Taxpayers Interest Assurance Ordinance, which requires that all cash held by the fee offices be placed into interest-bearing bank accounts and collateralized at 110%, except for economic reasons or if funds are prohibited by law from being invested (i.e. trust funds).

(4) Pension Trust Funds

Pension Trust Funds are administered by the respective fund's Retirement Board and its cash and investments are held by a designated custodian. The Funds are authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, debentures or other obligations set forth in the Illinois Compiled Statutes. Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Gains and losses are recognized when securities are sold and for the net appreciation (depreciation) in fair value of plan investments.

h. Taxes

(1) Real Property Tax

Following the approval of the Annual Appropriation Ordinance, proceedings are adopted by the County Board authorizing the raising of revenue by direct taxes on real property. This is known as the tax levy and must be certified to and filed in the County Clerk's Office. The real property taxes become a lien on property and a receivable as of January 1st in the budget year for which taxes are levied.

The County Assessor is responsible for the assessment of all taxable real property within the County, except for certain railroad property and pollution control equipment, which is assessed directly by the State. One-third of the County is reassessed each year on a repeating triennial schedule established by the Assessor.

Property assessed by the County is subject to equalization by the State. The equalized value is added to the valuation of property assessed directly by the State (to which an equalization factor is not applied) to arrive at the assessment base used by the County Clerk in determining the tax rate for the County's tax levy. By virtue of its Constitutional "home rule" powers, the County does not have a statutory tax limit, except as described below. However, the Forest Preserve District Fund has the following maximum statutory tax rate limits for each of the District's taxing funds, per $100 of equalized assessed valuation:

Special Revenue - General	$.060
Zoological Fund	.035
Botanic Gardens Fund	.015
Capital Projects Fund (construction and development)	.021
Debt Service (Bond and Interest Fund)	Limited by maximum debt
Agency – Employees' Annuity and Benefit Fund	No limit

The County Board passed The Property Tax Relief Ordinance, which restricts the growth in the aggregate real property tax levy for the General (Corporate and Public Safety Accounts) and the Health Facilities Funds, to the lesser of 5% or the Consumer Price Index for All Urban Consumers. The Bond and Interest levy and the Pension levy are excluded from this ordinance.

Property taxes are collected by the County Collector (who is also the County Treasurer), who remits to the County its respective share of the collections. Taxes levied in one year normally become due and payable in two installments, on March 1st and September 1st during the following year. The first installment is an estimated bill and is one half of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill.

Railroad property taxes (based on the State's assessments) are due in full at the time the second installment is due. Property tax revenue for fiscal year 2001 represents the amount of property taxes levied in fiscal year 2000 and collected in fiscal year 2001 and 60 days thereafter. Property tax receivable at November 30, 2001 represents the fiscal year 2001 taxes levied on December 19, 2000 and uncollected fiscal year 2000 taxes.

Property, on which property taxes are unpaid after the due date, is eligible to be sold at a public sale. If property sold for taxes is not redeemed within two years, the tax buyer receives a deed to the property.

The Annual Appropriation Ordinance of the County has a provision for an allowance for uncollectible taxes. The County's present policy allows for approximately a 3% provision for uncollectible property taxes. It is the County's policy to review this provision annually and to make adjustments accordingly.

On July 29, 1981, State law, requiring additional procedures in connection with the annual levying of property taxes, became effective. The law states that, if an aggregate annual levy, exclusive of election costs and debt service requirements, is estimated to exceed 105% of the levy of the preceding year, a public hearing shall be held on the proposed increase. If the final levy as adopted exceeds 105% of the prior year's levy and exceeds the proposed levy specified in the notice, or is more than 105% of such proposed levy and no notice was required, notice of the adoption of such levy must be published within 15 days of the adoption thereof. No amount in excess of 105% of the preceding year's levy may be extended unless the levy is accompanied by a certification of compliance with the foregoing procedures. The express purpose of the law is to require published disclosure of an intention to adopt a levy in excess of the specified levels. The County and District, at public hearings on its 2001 budget, complied with this law.

During 1995, the State extended the provisions of the Property Tax Extension Limitation Law (the "Limitation Law") to non-home rule taxing districts in Cook County, including the Forest Preserve District. Subject to specific exceptions, the Limitation Law limits the annual growth in property tax extensions for the Forest Preserve District to (i) 5% for taxes extended in 1995 and (ii) the lesser of 5% or the percentage increase in the Consumer Price Index for All Urban Consumers during the calendar year preceding the relevant levy year for taxes extended in years after 1995.

(2) Personal Property Replacement Tax

All personal property taxes in the State of Illinois were abolished, effective January 1, 1979. A personal property replacement tax was enacted, effective July 1, 1979.

The personal property replacement tax represents an additional income tax for corporations (including certain utilities) at the rate of 2.5% of net taxable income; an additional income tax for trusts at the rate of 1.5% of net taxable income; a new income tax for partnerships and Subchapter S Corporations at the rate of 1.5% of net taxable income; and a new tax at the rate of 0.8% of invested capital for public utilities providing gas, communications, electrical and water services. Partnerships and Subchapter S Corporations previously had not been subject to the Illinois income tax.

The replacement tax law provides that monies received by the County from the tax shall be applied, first, toward payment of the proportionate amount of debt service, which was previously levied and extended against personal property for bonds outstanding as of December 31, 1978, and, next, applied toward payment of the proportionate share of the pension or retirement obligations of the County which were previously levied and extended against personal property.

i. Interfund Transactions

The County has the following types of interfund transactions:

Quasi-External Transactions -- Charges for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements – Reimbursements of expenditures or expenses made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Residual Equity Transfers – Nonrecurring or nonroutine transfers of equity between funds and transfers of residual balances of discontinued funds to the General Fund or a debt service fund.

Operating Transfers – Legally authorized transfers, other than residual equity transfers, are reported as operating transfers.

j. Inventory

Inventory is valued at the lower of cost or market.

k. Property and Equipment

Governmental and Fiduciary Funds – Fixed assets, for all funds other than the Proprietary Funds, have been recorded as an expenditure of the fund from which the expenditure was made and have been recorded as an asset in the General Fixed Asset Account Group at cost or estimated historical cost. Public domain general fixed assets consisting of curbs and gutters, streets and sidewalks, drainage systems and lighting systems ("infrastructure") are not capitalized. No depreciation has been provided on general fixed assets.

Proprietary Funds – Land improvements, buildings, leasehold and building improvements, and equipment and furniture of the proprietary fund type are recorded at historical cost. No value has been assigned to the land upon which the Health Facilities are located.

Depreciation is provided over the estimated useful life of each class of assets. The estimated useful lives are as follows:

Land improvements	5 to 63 years
Buildings	40 to 100 years
Leasehold and building improvements	10 to 68 years
Equipment and furniture	3 to 25 years

Depreciation for all Health Facilities other than Cook County Hospital is computed on the straight-line method except for assets acquired prior to August 1, 1970, which use the double-declining balance method. Cook County Hospital depreciation is calculated using the 150% declining-balance method.

During fiscal year 1990, the County purchased the property known as Provident Hospital from the U.S. Department of Housing and Urban Development for $1. The purchase agreement restricts the use of the property to a "general public hospital or other public health care facility for a period of 50 years" or the remaining useful life of the property. Additional restrictions exist related to the distribution of proceeds from any sale of the property.

At November 30, 2001, the County was in the process of numerous construction and renovation projects at the various Health Facilities' sites. Expenditures from other County funds for equipment and construction in progress amounted to $156,751,886 for the year ended November 30, 2001, and are included in the Enterprise Fund's equity.

I. Vacation and Sick Leave

Governmental and Enterprise Funds – Employees can earn from 10 to 25 vacation days per year, depending on their length of employment with the County. An employee can accumulate no more than the equivalent of two years' vacation. Accumulated vacation leave is due to the employee, or employee's beneficiary, at the time of termination or death. Accrued vacation leave is recorded as a liability in the individual funds when incurred.

Salaried employees can accumulate sick leave at the rate of one day for each month worked, up to a maximum of 175 days. Accumulated sick leave is forfeited at the termination of employment; therefore, sick leave pay is not accrued and is charged as an expenditure when paid.

Sick leave does not vest, but any unused sick and vacation leave, up to six months in duration, accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes.

Forest Preserve District Fund – District employees are granted vacation and sick leave as follows:

(1) Employees can generally carry over a portion or all of vacation earned in one year to the following year. In the event of death, retirement or termination, other than by discharge for cause, unused vacation is usually paid to the employee or the employee's beneficiary. The payment often provides for partial vacation credits earned in the current year.

(2) Full-time employees usually earn eight hours of sick leave for each month worked. Non-Union employees have the discretion to accumulate a maximum of 960 hours (120 days) of sick leave. Union employees have the discretion to accumulate a maximum of 1,400 hours (175 days) of sick leave. All rights for compensation for sick leave terminate when an employee severs employment with the District. Since sick pay is not vested, a provision for accumulated sick pay is not provided.

The District considers all compensated absences as long term in nature and therefore records all liability provisions in the Long-Term Obligations Account Group. The District had $4,218,291 in accumulated unpaid vacation and other employee benefits at December 31, 2000.

m. Self-Insurance/Other Contingencies

County – The County (except for the Forest Preserve District Fund discussed below) self-insures all risks, including workers' compensation, general, automobile insurance and other liability. The County is a defendant in lawsuits alleging work-related injuries, highway cases and other claims in which it is involved. Cases related to these areas are in various stages of the legal process.

The County engages an external actuary to provide an actuarial estimate of its liabilities for self-insured expenses. The liability recorded reflects a 6% discount factor. If the discounted estimate were not used, the ultimate liability for the self-insured programs would be approximately $81 million higher than the amount recorded in the financial statements at November 30, 2001.

During fiscal year 2001, the County purchased excess liability insurance coverage related to medical malpractice and other claims. The medical malpractice policy is on a claims made basis and provides a policy maximum of $10 million of coverage for settlements in excess of $10 million or for the excess of settlements in the aggregate over $25 million for all claims covered by the policy. The liability recorded as of November 30, 2001, reflects the estimated discounted effect of approximately $4.1 million for the claims expected to be covered by the policy.

The County funds its self-insurance liabilities, including those of the Health Facilities, on a current basis and has the authority to finance such liabilities through the levy of property taxes. While it is difficult to estimate the timing or amount of expenditures, management of the County believes that the self-insurance liabilities recorded at November 30, 2001, are adequate to provide for potential losses resulting from medical malpractice, workers' compensation and general liability claims including incurred but not reported claims. The self-insurance liabilities recorded are based on facts known at the current time, however, the discovery of additional information concerning specific cases could affect estimated costs in the future.

For the fiscal year ended November 30, 2001, amounts charged by the self-insurance fund to other County funds relating to workers' compensation are reported as revenues to the self-insurance fund and expenditure/expenses of the fund charged. Also included in revenue are proceeds totaling approximately $45.3 million from a settlement with the Federal government relating to property tax and penalty assessments on certain Federal buildings from 1977 through 1993

The following table describes the activity during fiscal years 2000 and 2001 for the primary classifications of liabilities (in millions):

Type	Balance at Nov. 30, 1999	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at Nov. 30, 2000	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at Nov. 30, 2001
Medical Malpractice	$142.3	$(36.9)	$36.2	$141.6	$(30.3)	$59.7	$171.0
Workers Compensation	39.6	(9.8)	8.0	37.8	(10.4)	9.5	36.9
General	8.0	(0.8)	(3.3)	3.9	(1.3)	2.0	4.6
Automobile	3.0	(0.4)	(1.3)	1.3	(0.3)	2.1	3.1
Claim Expense Reserves	1.7	--	6.7	8.4	--	(2.2)	6.2
Other	39.3	(14.2)	16.6	41.7	(20.1)	11.0	32.6
Total Internal Service Fund Claims Liability	$233.9	$(62.1)	$62.9	$234.7	$(62.4)	$82.1	$254.4

Forest Preserve District Fund – The Forest Preserve District is self-insured for the following various claims:

- Casualty and public liability claims
- Automobile liability
- Property and contents
- Workers' compensation claims
- Employees' health insurance (reimbursed to a provider on a cost plus basis)

The District recognizes the liability for such claims in the General Long-Term Obligations Account Group when the amount of the expenditure is measurable, i.e., when agreement is acquired both as to the issue of liability and the dollar amount. The Special Revenue-General Fund's expenditure recognition for insurance claims (included in "fixed charges" on the combined statement of revenue, expenditures and changes in fund balances) is the fiscal year's cash disbursement adjusted for a 60-day accrual. The claims expenditure recognition for other funds is essentially a transfer from the Special Revenue - General Fund for the specific fund's budgeted amount.

The District's estimate of liabilities for tort claims is based on reserves established by the respective trial attorneys. Any matter in which the likelihood of loss is probable has been recorded in the General Long-Term Obligations Account Group. The District has a policy of not estimating total future claims for workers' compensation claims; however, claims likely to be paid out have been estimated based on historical data and $700,000 has been recorded in the General Long-Term Obligations Account Group.

The District has made its own determination, without the use of an enrolled actuary, of claims incurred but not reported at year-end. To date, the District has made no separate funding arrangement for these claims reserves. However, the District has the statutory authority to impose a tax levy for settlement bonds to satisfy major claims.

The District is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. The District reimburses the State for claims paid by the State on a quarterly basis.

n. Long-Term Obligations

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of either the County as a whole or the Forest Preserve District as a whole and not of the individual constituent funds of either government. General obligation debt proceeds are used to finance Health Facilities' projects and accordingly, are not recorded in the Enterprise Fund. Unmatured obligations of the County and the Forest Preserve District are accounted for in the General Long-Term Obligations Account Group.

o. Indirect Costs

Indirect costs are charged to various federal programs and other funds based on a formal plan developed annually by the County. These costs are reflected as expenditures in those funds benefiting from the services provided and as reimbursements to the General Fund which provides the services.

p. Cash and Cash Equivalents in the Statement of Cash Flows

For purposes of the Statement of Cash Flows, the County considers all unrestricted, highly liquid investments with a maturity date of three months or less from the date of purchase to be cash equivalents. Restricted investments consist of investments with a maturity date greater than three months from the date of purchase.

q. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures, or expenses during the reporting period. Actual results could differ from those estimates.

r. GASB Pronouncement

In June 1999, the GASB issued Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" effective for periods beginning after June 15, 2001. Management is currently assessing the impact that the adoption of this standard will have on the County's future financial statements.

s. "Memorandum Only" Total Columns

"Memorandum Only" captions on combined statement total columns indicate that totals are presented for overview information purposes only. These columns do not purport to present financial position or results of operations for the County as a whole, and such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. BUDGETARY BASIS OF ACCOUNTING

The accompanying Statements of Revenues, Expenditures and Encumbrances and Changes in Unreserved Fund Balance - Budget and Actual have been prepared on a legally prescribed budgetary basis of accounting which differs from GAAP. The significant differences in accounting practices between the operating statements presented under GAAP and the budgetary operating statements follow:

a. Property tax levies and personal property replacement taxes ("PPRT") are recognized as revenue in the budgetary statements in the year levied or the year replacement personal property taxes would have been levied. The operating statements prepared under GAAP recognize property tax levies as revenue in the subsequent year when they become available; PPRT are recognized when collected by the County.

b. Expenditures related to specific property tax levies (i.e., pension obligation, principal and interest on general obligation bonds, rental obligations, and allowances for uncollectible taxes) are recognized in the budgetary statements in the year the taxes are levied. The GAAP operating statements recognize these expenditures when the related liability is incurred with the exception of principal and interest on general long-term debt, which is recognized when due.

c. Encumbrances are combined with expenditures in the budgetary statements but are excluded in the GAAP operating statements.

d. Incurred obligations (i.e., accounts payable and accrued salaries) are recognized as expenditures when paid in the budgetary statements while the GAAP operating statements recognize these items when the related liability is incurred.

e. Revenue is recognized when received in the budgetary statements, while the GAAP operating statements recognize these items when measurable and available for financing current obligations.

Reconciliation of the differences between the GAAP and budgetary operating statements for the year ended November 30, 2001, is set forth below:

	General Fund	Special Revenue Funds	Debt Service Funds
Revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	$ (8,021,697)	$ 26,022,879	$ 46,961,575
Effect of Nonbudgeted Special Revenue Funds	-	(1,311,456)	-
Effect of deferring 2001 property tax levy	8,058,320	(2,884,300)	8,089,581
Effect of accruing certain revenue	7,148,912	797,585	(1,121,670)
Effect of not including encumbrances as expenditures	(24,473,796)	(27,419,938)	-
Effect of recognizing incurred obligations at November 30, 2001	25,483,850	1,443,471	13,984,002
Revenues and other financing sources over (under) expenditures and encumbrances and other financing uses - budgetary basis	$ 8,195,589	$ (3,351,759)	$ 67,913,488

3. CASH AND INVESTMENTS

The County's deposits and investments are categorized into one of three custodial credit risk categories:

1. Demand accounts or time deposits insured or collateralized with securities held by the County or its agent in the County's name. Investment securities insured, registered or held by the County or its agent in the County's name.

2. Demand accounts or time deposits collateralized with securities held by the pledging financial institution's trust department or its agent in the County's name. Investment securities held by the financial institution's trust department or its agent in the County's name.

3. Demand accounts or time deposits uncollateralized or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name. Investment securities held by the financial institution or its trust department or its agent but not in the County's name.

	(1)	(2)	(3)	Bank or Fair Value	Carrying Amount
Deposits -					
Demand	$ 284,528,512	$ 22,334,571	$ 11,474,302	$ 318,337,385	$ 474,035,812
Time	869,976,009	520,256	970,362	871,466,627	871,234,747
Investments -					
U.S. Treasury obligations	1,159,992,272	-	-	1,159,992,272	1,159,992,272
Corporate bonds	676,594,759	-	-	676,594,759	676,594,759
Common and preferred stocks	2,114,462,750	-	-	2,114,462,750	2,114,462,750
Money market mutual funds	153,150,345	-	-	153,150,345	153,150,345
Repurchase agreements	86,532,974	-	-	86,532,974	86,532,974
Totals	$ 5,345,237,621	$ 22,854,827	$ 12,444,664	$ 5,380,537,112	$ 5,536,003,659
Investments not categorized -					
Deferred Compensation				(3,248,006)	(3,248,006)
IPTIP				109,949,555	109,949,555
Clerk of Circuit Court				933,643	933,643
Public Guardian Fund				36,313,321	36,313,321
Mutual funds				1,184,269,644	1,184,269,644
Limited partnerships				198,777,222	198,777,222
Unsettled trades				(48,398,574)	(48,398,574)
				$ 6,859,133,917	$ 7,014,600,464
Reconciliation to balance sheet -					
Cash and investments					$ 6,967,698,832
Cash and investments with trustees					46,901,007
Cash and investments with paying and escrow agents and trustees					625
					$ 7,014,600,464

The majority of the County's investments either have a maturity date of less than one year or are not held for investment purposes. As a result, the County carries these investments at amortized cost. Equity investments held by the Public Guardian's agency fund are carried at fair value. Pension plan investments are carried at fair value.

4. INDIVIDUAL FUND DISCLOSURES

Interfund Transfers

The following individual interfund operating transfers were made during the year:

	In	Out
General Fund -		
Motor Fuel Tax Fund	$27,000,000	$ -
Motor Fuel Tax Illinois First Fund	361,093	-
Election Fund	243,142	-
County Law Library Fund	1,199,788	2,500,000
Animal Control Fund	354,637	-
County Recorder Document Storage System Fund	62,560	-
County Clerk Automation Fund	58,291	-
Circuit Court Document Storage Fund	659,614	-
Circuit Court Automation Fund	348,575	-
County Emergency Telephone System Fund	83,192	-
Adult Probation Services Fund	364,765	-
Social Service Probation Fund	169,958	-
Treasurer Tax Sales Automation Fund	79,507	-
Other Non-Budgeted Special Revenue Funds	13,739	-
Cook County Hospital Fund	-	10,841,716
Corporate Working Cash Fund	3,000,000	-
Public Safety Working Cash Fund	13,000,000	-
	46,998,861	13,341,716
Special Revenue Funds -		
Motor Fuel Tax - General Fund	-	27,000,000
Motor Fuel Tax - Circuit Court Automation	-	1,500,000
Motor Fuel Tax Illinois First Fund - General Fund	-	361,093
Election - General Fund	-	243,142
County Law Library - General Fund	2,500,000	1,199,788
Animal Control - General Fund	-	354,637
County Recorder Document Storage System - General Fund	-	62,560
County Clerk Automation - General Fund	-	58,291
Circuit Court Document Storage - General Fund	-	659,614
Circuit Court Automation - Motor Fuel Tax Fund	1,500,000	-
Circuit Court Automation - General Fund	-	348,575
County Emergency Telephone System Fund - General Fund	-	83,192
Adult Probation Services - General Fund	-	364,765
Social Service Probation - General Fund	-	169,958
Treasurer Tax Sales Automation Fund - General Fund	-	79,507
Forest Preserve District - General - Capital Project	1,144,868	-
Forest Preserve District - Real Estate - Capital Project	-	-
Other Non-Budgeted Special Revenue Funds - General Fund	-	13,739
	5,144,868	32,498,861
Debt Service Funds -		
Forest Preserve District Fund - Capital Project	-	1,162,364

Capital Project Funds -		
Government Management and Supporting Services -		
Capital Project Fund	40,000,000	10,000,000
Protection of Health - Capital Project Fund	-	30,000,000
Forest Preserve District Fund - Special Revenue Fund	-	1,144,868
Forest Preserve District Fund - Debt Services Fund	1,162,364	-
	41,162,364	41,144,868
Enterprise Funds -		
Cook County Hospital - General Fund	10,841,716	-
Trust & Agency -		
Corporate Working Cash Fund - General Fund	-	3,000,000
Public Safety Working Cash Fund - General Fund	-	13,000,000
	-	16,000,000
Total all funds	$104,147,809	$104,147,809

Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at November 30, 2001 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund -		
Corporate Account	$ 14,270,996	$ -
Public Safety Account	7,281,013	-
	21,552,009	-
Special Revenue Funds -		
Motor Fuel Tax	11,433,284	-
Annuity and Benefit	-	2,997,087
County Law Library	249,633	-
County Recorder Document Storage System	41,757	-
Circuit Court Document Storage	280,026	-
Circuit Court Automation	301,372	-
Circuit Court Dispute Resolution	18,053	-
County Emergency Telephone System	-	680,025
Chief Judge Juvenile Justice	-	1,067,514
Cook County Lead Poisoning Prevention	14,227,665	26,230
Forest Preserve District - General	1,610,519	22,294,470
Forest Preserve - Real Estate Acquisition	3,063,431	330,520
Governmental Grants	12,633,577	12,633,577
	43,859,317	40,029,423
Debt Service Fund -		
Forest Preserve District	4,342,566	-
	4,342,566	-
Capital Project Funds -		
Transportation	2,348,931	-
Government Management and Supporting Services	22,599,877	115,635,065
Protection of Health	52,629,848	-
Corrections	13,322,233	-
Courts	15,993,285	-
Forest Preserve District	6,881,971	2,964,234
	113,776,145	118,599,299

Enterprise Funds - Health Facilities	5,158,637	-
Internal Service Fund	-	18,246,315
Trust and Agency Funds -		
Pension Trust Funds -		
County Employees' and Officers' Annuity and Benefit Fund of Cook County	88,675	3,139,350
Forest Preserve District Employees' Annuity and Benefit Fund of Cook County	-	160,938
Expendable Trust/Working Cash Funds -		
Forest Preserve District	11,500,000	-
Agency Funds -		
Clerk of the Circuit Court	-	7,813,730
County Sheriff	246,194	556,210
County Treasurer	-	14,325,241
Forest Preserve District	-	2,727,887
Public Administrator	-	6,351
Other Departments	-	547,822
	11,834,869	29,277,529
Total	$ 200,523,543	$ 206,152,566

Interfund receivables do not equal interfund payables by a net amount of $5,629,023 due to different fiscal year-ends of the County and the Pension Trust Funds.

5. FIXED ASSETS

Governmental Funds

The County obtained an independent, third-party inventory of its general fixed assets as of November 30, 2001. The following is a summary of the components of the General Fixed Assets Account Group at November 30, 2001, with the net change representing fiscal 2001 activity and the changes needed to adjust the beginning fixed asset balances to the ending inventory:

	Balance Nov. 30, 2000	Net Change	Balance Nov. 30, 2001
Land and improvements	$ 191,437,635	$ 190,632,644	$ 382,070,279
Buildings	1,115,545,725	(97,805,051)	1,017,740,674
Vehicles	37,897,507	22,246,296	60,143,803
Equipment and furniture	121,619,699	1,394,570	123,014,269
Total property and equipment	1,466,500,566	116,468,459	1,582,969,025
Construction in progress	330,651,169	(326,348,784)	4,302,385
	$1,797,151,735	$ (209,880,325)	$1,587,271,410

Information regarding general fixed assets by function and activity, schedule of changes of general fixed assets by function and activity and source of funding is not available.

Enterprise Funds

The following is a summary of the changes in property and equipment for the Enterprise Fund for the year ended November 30, 2001:

	Balance Nov. 30, 2000	Additions	Write-Offs/ Retirements Transfers	Balance Nov. 30, 2001
Land improvements	$ 11,040,174	$ -	$ -	$ 11,040,174
Buildings	238,820,602	8,449,936	-	247,270,538
Leasehold and building Improvements	148,157,652	-	(1,212,102)	146,945,550
Equipment and furniture	164,319,149	26,145,762	(45,031)	190,419,880
Total property and Equipment	562,337,577	34,595,698	(1,257,133)	595,676,142
Construction in progress	282,207,397	123,639,184	-	405,846,581
	844,544,974	158,234,882	(1,251,133)	1,001,522,723
Accumulated depreciation	(412,354,737)	(25,982,695)	45,031	(438,292,401)
Net property and equipment	$ 432,190,237	$132,252,187	$ (1,212,102)	$ 563,230,322

6. OPERATING LEASES

The County is committed under three leases for data processing equipment and Health Information System services. These leases are considered for accounting purposes to be noncancelable operating leases. Lease expenditures for the year ended November 30, 2001, amounted to $6,200,624. Future minimum lease payments for this lease are as follows:

Fiscal Year Ending	Amount
2002	5,543,892
2003	3,815,892
Total	$9,359,784

7. LONG-TERM DEBT

General Obligation Bonds

The County has various general obligation, serial and term bond issues outstanding. The following summarizes the activity of these issues for the year ended November 30, 2001:

Bonds outstanding, November 30, 2000	$1,799,990,000
Bonds issued	375,000,000
Bonds retired	(54,080,000)
Bonds outstanding, November 30, 2001	$2,120,910,000

Debt Service Funds are maintained for retirement of bonded debt. Property tax receipts for bonds issued prior to 1992 are deposited into a cash escrow account, and property tax receipts for bonds issued in 1992 and thereafter are deposited with a bond trustee, both for subsequent payment of the principal and interest. The annual requirements to retire all bonds outstanding at November 30, 2001, are detailed as follows:

Fiscal Year	Total Principal	Total Interest	Total Requirements
2002	58,200,000	95,610,511	153,810,511
2003	59,675,000	90,421,706	150,096,726
2004	53,105,000	97,145,341	150,250,341
2005	52,745,000	104,114,283	156,859,283
2006	57,435,000	101,127,509	158,562,509
2007	63,270,000	97,882,600	161,152,600
2008	62,770,000	94,339,274	157,169,274
2009	66,145,000	91,033,473	157,178,473
2010	76,655,000	87,149,661	163,804,661
2011	75,560,000	82,925,489	158,485,489
2012	77,930,000	78,600,389	156,530,389
2013	84,005,000	74,427,660	158,432,660
2014	88,785,000	69,682,101	158,467,101
2015	93,755,000	64,709,001	158,464,001
2016	98,620,000	59,813,782	158,433,782
2017	99,830,000	54,651,406	154,481,406
2018	105,025,000	49,447,281	154,472,281
2019	110,470,000	43,971,250	154,441,250
2020	116,250,000	38,174,019	154,424,019
2021	122,285,000	32,106,569	154,391,569
2022	128,630,000	25,687,138	154,317,138
2023	53,435,000	19,063,825	72,498,825
2024	42,245,000	16,367,675	58,612,675
2025	44,360,000	14,229,800	58,589,800
2026	46,580,000	11,984,894	58,564,894
2027	48,915,000	9,627,638	58,542,638
2028	51,380,000	7,122,538	58,502,538
2029	26,230,000	4,491,175	30,721,175
2030	27,565,000	3,114,100	30,679,100
2031	29,055,000	1,598,025	30,653,025
Total	$2,120,910,000	$1,620,680,133	$3,741,590,133

General obligation bonds outstanding at November 30, 2001, are composed of the following:

1990 County serial bonds of $144,210,000, due in annual installments of $1,160,000 to $11,790,000 through November 1, 2007; interest at 6.5% to 7.3%	$ 33,035,000
1992A County bonds of $211,740,000; $71,855,000 serial bonds due in annual installments of $3,905,000 to $6,035,000 through November 15, 2007; interest at 3.5% to 6.5%; $14,000,000 of 6.5% term bonds due November 15, 2010; $22,815,000 of 6.5% term bonds due November 15, 2012; and $103,070,000 of 6.6% term bonds due November 15, 2022	4,400,000
1992B County bonds of $210,045,000; $52,265,000 serial bonds due in annual installments of $3,350,000 to $5,715,000 through November 15, 2004, interest at 2.9% to 5.75%; $16,100,000 of 5.75% term bonds due November 15, 2007; $12,500,000 of 6% term bonds due November 15, 2009, $38,470,000 of 6% term bonds due November 15, 2014, $29,295,000 of 6% term bonds due November 15, 2017, and $61,415,000 of 5.5% term bonds due November 15, 2022	66,520,000
1992C County bonds of $159,835,000, due in annual installments of $260,000 to $31,185,000 through November 15, 2009, interest at 2.9% to 6%	95,450,000
1993A County bonds of $235,000,000; $100,445,000 serial bonds due in annual installments of $2,125,000 to $13,780,000 through November 15, 2008; interest at 2.75% to 5.4%; $20,000,000 of 5.375% term bonds due November 15, 2012; and $114,555,000 of 5% term bonds due November 15, 2023	120,040,000
1993B County bonds of $260,480,000; $164,535,000 serial bonds due in annual installments of $1,730,000 to $26,340,000 through November 15, 2010; interest at 2.25% to 5.4%; $20,365,000 of 5.375% term bonds due November 15, 2012; and $75,580,000 of 5.375% term bonds due November 15, 2018	226,470,000
1996 County bonds of $486,345,000; $281,920,000 serial bonds due in annual installments of $450,000 to $25,370,000 through November 15, 2016; interest at 4.9% to 6.5%; $204,425,000 of 5.875% term bonds due November 15, 2014	190,745,000
1997A County bonds of $206,400,000; $134,500,000 serial bonds due in annual installments of $625,000 to $26,740,000 through November 15, 2019; interest at 5% to 6.25%; $71,900,000 of 5.625% term bonds due November 15, 2022	206,400,000
1997B County serial bonds of $74,535,000 due in annual installments of $345,000 to $10,440,000 through November 15, 2017; interest at 4% to 5.125%	73,835,000
1998A County bonds of $281,965,000; $129,510,000 serial bonds due in annual installments of $1,060,000 to $29,700,000 through November 15, 2018; interest at 4% to 5%; $152,455,000 of 5% term bonds due November 15, 2022	279,365,000
1999A County bonds of $329,655,000; $132,380,000 serial bonds due in annual installments of $11,090,000 to $17,040,000 through November 15, 2019; interest at 5% to 5.25%; $77,110,000 of 5% term bonds due November 15, 2023; $120,165,000 of 5% term bonds due November 15, 2028	329,655,000
1999B County bonds of $80,485,000; $80,485,000 serial bonds due in annual installments of $350,000 to $26,520,000 through November 15, 2012; interest at 4% to 5.125%	79,775,000
2001A County bonds of $375,000,000; $159,315,000 serial bonds due in annual installments of $1,060,000 to $15,010,000 through November 15, 2022; interest at 5.0% to 5.5%; $84,150,000 of 5.125% term bonds due November 15, 2026; $74,915,000 of 5.25% term bonds due November 15, 2029; and $56,620,000 of 5.50% term bonds due November 15, 2031	375,000,000
Total County general obligation bonds	2,080,690,000
1993 Forest Preserve District bonds of $25,120,000; $17,425,000 serial bonds due in annual installments of $755,000 to $3,020,000 through November 1, 2008, interest at 3% to 5.5%; and $7,695,000 5.6% term bonds due November 1, 2014	16,645,000
1996 Forest Preserve District bonds of $25,540,000; $13,900,000 limited tax bonds due in annual installments of $255,000 to $9,010,000 through November 1, 2016; interest at 4.1% to 5.8%; $11,640,000 of 4.1% to 5.8% term bonds due November 1, 2016	23,575,000
Total Forest Preserve District general obligation bonds	40,220,000
Total General Obligation bonds	$2,120,910,000

On February 22, 2001, the County issued its $375 million Series 2001A General Obligation bonds to finance the costs of certain capital improvement projects, including the purchase of capital equipment, and to redeem the County's $110.5 million Series 1996 General Obligation Variable Rate Demand Bonds due December 1, 2001.

In prior years, the County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account and the defeased bonds are not included in the County's general purpose financial statements. As of November 30, 2001, the amount of defeased general obligation bonds outstanding was $608,850,000.

General Obligation Variable Rate Demand Bonds

On December 3, 1996, the County Board, acting in the exercise of its "home rule" powers, approved a general obligation Variable Rate Demand Bond for the purpose of financing the purchase and the construction of certain County capital improvement projects. On February 22, 2001, the County issued its $375 million Series 2001A General Obligation Bonds, of which $110.5 million was deposited into the capital projects funds and used to redeem the County's Series 1996 General Obligation Variable Rate Demand Bonds. Interest on the bonds was paid out of the Capital Projects Fund.

8. OTHER LONG-TERM OBLIGATIONS

Property Tax Objections

The County makes refunds of property taxes collected in error and other refunds relating to settlements of prior-year property tax objection suits. Property tax objection suits have been resolved in court for tax levy years up to 1993. As of November 30, 2001, there are no significant unpaid settlements for the General and Health Facilities Funds relating to tax levy years up to 1993. According to the Cook County State's Attorney, similar suits have been filed for tax years 1994-2000. The County has estimated probable amounts payable relating to such years for which suits have been filed but are not settled. Additional amounts have been estimated for other specific property tax objections and errors for which refunds are expected to be paid.

All settlements and refunds are payable from (a) previous property tax collections which have not been distributed to the County and are held by the Cook County Treasurer specifically for the payment of settled amounts and refunds and (b) future collections of property taxes.

The amount, exclusive of $6,708,668 recorded as a liability in the Health Facilities Funds, of unpaid settlements and estimated future settlements and refunds, net of amounts held by the County Treasurer, is $18,061,414 at November 30, 2001, and has been recorded in the General Long-Term Obligations Account Group since payments will be made from property tax collections (including amounts from prior tax levy years) made subsequent to the fiscal year-end.

The following summarizes the activity of property tax objections during the year ended November 30, 2001:

	Enterprise Funds	General Long-Term Obligations Account Group
Property tax objection liability, November 30, 2000	$ 7,105,931	$17,896,956
Current year activity, net	(397,263)	164,458
Property tax objection liability, November 30, 2001	$ 6,708,668	$18,061,414

In the opinion of County management, the amount recorded is adequate to reflect future payments relating to prior tax levy years.

Compensated Absences and Provision for Settlement of Torts

The following summarizes the activity of compensated absences and the provision for settlement of torts for the Forest Preserve District during the year ended November 30, 2001:

	Tort Liability	Compensated Absences
Balance at November 30, 2000	$1,090,000	$4,068,569
Current year activity, net	(390,000)	149,722
Balance at November 30, 2001	$700,000	$4,218,291

9. POSTRETIREMENT BENEFITS

In addition to the pension benefits described in Note 10, the County provides, through its Pension Trust Fund, postretirement health care benefits to all retired employees of the County who meet the pension plan eligibility requirements. The Pension Trust Fund now fully and directly assumes validated claims for medical and hospitalization costs incurred by retirees and their dependents. These claims are no longer paid through the County's General Fund. Expenditures for postretirement health care benefits are recognized in the Pension Trust Funds as group hospital premiums which for the County and the Forest Preserve District were $19,278,274 and $831,815, respectively.

10. PENSION PLANS

a. County Pension Plan

The County Employees' and Officers' Annuity and Benefit Fund of Cook County ("the Fund") was established on January 1, 1926 and is governed by legislation contained in the Illinois Compiled Statutes, particularly Chapter 40, Article 5/9. The Fund can be amended only by the Illinois Legislature. The County Employees' and Officers' Annuity and Benefit Fund is a single employer defined benefit pension plan with a defined contribution minimum. The Fund was created for the purpose of providing retirement, death and disability benefits for full-time employees of Cook County and the dependents of such employees. The Fund is considered to be a component unit of

Cook County and is included in the County's financial statements as a Pension Trust Fund. The financial statements of the Fund are audited by an independent public accountant and are the subject of a separate report. Copies of the Fund's report for the year ended December 31, 2000 are available upon request to the Pension Board.

The Statutes authorize a board of trustees (Retirement Board) of seven members to carry out the provisions of the Article. According to the Article, two members of the Board are ex-officio, four are to be elected by the employee members of the Fund, and one is to be elected by the annuitants of the Fund. The two ex-officio members are the Comptroller of Cook County or someone chosen by the Comptroller and the Treasurer of Cook County or someone chosen by the Treasurer. All members of the Retirement Board are fiduciaries with respect to the Fund, and are statutorily mandated to discharge their duties, as such, solely in the interest of the Fund's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Fund, to invest the Fund's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit, and to have exclusive original jurisdiction in all matters relating to or affecting the Fund. The Board approves its own budget which is prepared by the administrative staff of the Fund. The Board is required annually to submit to the County Board of Cook County a detailed report of the financial affairs and status of the reserves of the Fund. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Insurance, as well as another detailed annual report, the form and content of which is specified by the Department of Insurance.

Employees of Cook County who have a position with the County are eligible for benefits. Covered employees are required to contribute 8.5% of their salary to the Fund. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). Cook County, for its employer's portion, is required by State Statutes to contribute an amount equal to 8% of each individual employee's salary as well as the remaining amounts necessary to finance the requirements of the Fund. The County's total contribution is limited to an amount not more than the total amount of contributions made by the employees to the Fund in the calendar year prior to the year for which annual applicable tax is levied, multiplied by 1.54. The source of funds for the County's contributions has been designated by State Statutes as the County's annual property tax levy.

The County Employees' and Officers' Annuity and Benefit Fund provides retirement as well as death and disability benefits. Employees age 50 and over with at least 10 years of service are entitled to receive a minimum formula annuity of 2.2% for each of the first 20 years of credited service and 2.4% for each year thereafter to maximum benefit of 80% of the final average monthly salary. For retirement between age 50 and 60, the monthly retirement benefit is reduced ½ percent for each month the participant is under age 60. This reduction is waived for participants having 30 or more years of credited service.

The County payroll for employees covered by the Plan for the year ended December 31, 2000, was $1,261,050,576. At December 31, 2000, the Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	11,098
Terminated employees entitled to benefits or a refund of contributions, but not yet receiving them	8,129
Current employees -	
Vested	12,161
Nonvested	14,606
Total	26,767

At December 31, 2000 investments in excess of 5% of the Fund's net assets consisted of the following:

Mutual funds:	
NTGI EB G/C Bond Index	$326,713,495
NTGI EB U.S. Marketcap Equity Index	303,588,216

Employer contributions are funded primarily through a County tax levy which is currently limited when extended to an amount not to exceed an amount equal to the total contributions by the employees of the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.54.

The current actuarial studies of the Fund dated June 25, 2001 for the year ended December 31, 2000 indicated a minimum annual contribution by the County to maintain the Fund on a minimum valuation basis to be $211,188,714. This minimum annual contribution is based on an annual payroll of $1,261,050,576 for 26,767 active members during 2000.

The Entry Age Normal Cost Method is the actuarial funding method used in determining the contributions necessary to accumulate sufficient assets to pay benefits when due. Under GASB 25, the initial unfunded liability that existed as of January 1, 1976 must be amortized over a period of forty years. This method of financing is termed Normal Cost Plus 40 Year Amortization Method. Previously, the Normal Cost Plus Interest Method was used in financing the unfunded liability. Under the Normal Cost Plus Interest Method, the unfunded liability was recognized but not amortized.

2000 contributions made to the Fund were less than the actuarial contribution requirements determined by an actuarial valuation as follows:

	Amount	Percentage of covered Payroll
Employer (County) contributions (1)	$ 158,474,997	13.63%
Plan member (employee) contributions (2)	119,587,172	10.29
Total	$ 278,062,169	23.92%
Covered payroll – prior year	$1,162,538,616	

(1) Net tax levy by the County.
(2) Includes contributions made by the County on behalf of participants receiving disability.

Employer contributions have been determined as follows:

Actuarial valuation date	December 31, 2000
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period (remaining)	40 years (open period)
Asset valuation method	5 year Average Smoothed Market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases:	
Inflation	3.5%
Seniority merit	2.0%
Postretirement benefit increases	3.0% compounded per year for employee and widow(er) annuitants
Postretirement health insurance	5.0% compounded per year

Six-year trend information may be found in the Annual Report of the Pension Trust Fund. The Annual Pension Cost is equal to the Actuarially Acquired Contribution. The Annual Pension Cost and related information for the three most recent fiscal years is as follows:

Year Ended December	Employer Required Contribution, Normal Cost Plus 40 Year Level Dollar Amortization (ARC) (a)	Required Statutory Basis (1) (b)	Actual (2) (c)	Percent Of ARC Contributed (c/a)	Net Pension Obligation (NPO) (3)
1998 (4), (5)	$171,928,912	$143,858,050	$146,339,155	85.12%	$(235,218,484)
1999	196,850,449	156,643,360	160,940,258	81.76	(202,328,934)
2000	190,557,579	154,617,030	158,474,997	83.16	(175,904,740)

(1) Tax levy by the County after 3.0% overall loss.

(2) Net tax levy by the County plus miscellaneous income.

(3) Negative balance as the County has no pension-related liability under GASB 27.

(4) Changes in asset valuation, actuarial assumptions, employee benefits, and funding method result in changes to the expected employee and employer contributions. The scale of these changes will cause any comparison to prior years to have little practical meaning.

(5) Beginning in 1998 estimates for employee contributions include estimated optional contributions.

b. Forest Preserve District Pension Fund

The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County was established on July 1, 1931 and is governed by legislation contained in the Illinois Compiled Statutes, particularly Chapter 40, Article 5/10. The Plan can be amended only by the Illinois Legislature. The Forest Preserve District Employees' Annuity and Benefit Fund of Cook County is single employer defined benefit pension plan with a defined contribution minimum. The Fund was created for the purpose of providing retirement, death and disability benefits for full-time employees of the Forest Preserve District of Cook County, Illinois (Forest Preserve District) and the dependents of such employees. The Fund is considered to be a component unit of the Forest Preserve District of Cook County, Illinois and is included in the Forest Preserve District's financial statements for the year ended December 31, 2000 as a pension trust fund. The financial statements of the Fund are audited by an independent public accountant and are the subject of a separate report. Copies of the Fund's report are available upon request to the Pension Board.

The Statutes authorize a board of trustees (Retirement Board) of seven members to carry out the provisions of the Article. According to the Article, two members of the Board are ex-officio, four are to be elected by the employee members of the Fund, and one is to be elected by the annuitants of the Fund. The two ex-officio members are the Comptroller of Cook County or someone chosen by the Comptroller and the Treasurer of Cook County or someone chosen by the Treasurer. All members of the Retirement Board are fiduciaries with respect to the Fund, and are statutorily mandated to discharge their duties, as such, solely in the interest of the Fund's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Fund, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit, and to have exclusive original jurisdiction in all matters relating to or affecting the Fund. The Board is required annually to submit to the Forest Preserve District Board of Cook County a detailed report of the financial affairs and status of the reserves of the Fund. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Insurance, as well as another detailed annual report, the form and content of which is specified by the Department of Insurance.

Employees of the Forest Preserve District are eligible for benefits. Covered employees are required to contribute 8.5% of their salary to the Fund. If any employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant.) The Forest Preserve District for its employer's portion, is required by State Statutes to contribute an amount equal to 8% of each individual employee's salary as well as the remaining amounts necessary to finance the requirements of the Fund. The Forest Preserve District's total contribution is limited to an amount not more than the total amount of contributions made by the employees to the Fund in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.30. The source of funds for the Forest Preserve District's contributions has been designated by State Statutes as the District's annual property tax levy.

The Forest Preserve District Employees' Annuity and Benefit Fund provides retirement as well as death and disability benefits. Employees age 50 or over with at least 10 years of service are entitled to receive a minimum formula annuity of 2.2% for each of the first 20 years of credited service and 2.4% for each year thereafter to a maximum benefit of 80% of the final average salary. For retirement between age 50 and age 60, the monthly retirement benefit is reduced ½ percent for each month the participant is under age 60. This reduction is waived for participants having 30 or more years of credited service.

The Forest Preserve District's payroll for employees covered by the Plan for the year ended December 31, 2000 was $32,211,624. At December 31, 2000, membership in the Fund was as follows:

Retirees and beneficiaries currently receiving benefits	383
Current employees -	
Vested	402
Nonvested	483
Total	885

At December 31, 2000 investments in excess of 5% of the Fund's net assets consisted of the following:

Mutual funds:	
NTGI G/C Bond Index	$13,464,355
NTGI U.S. Marketcap Equity Index	15,517,450

Employer contributions are funded primarily through a Forest Preserve District tax levy which is currently limited when extended to an amount not to exceed an amount equal to the total contributions by the employees to the Fund made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.30.

The current actuarial studies of the Fund dated June 25, 2001 for the year ended December 31, 2000 indicated a minimum annual contribution by the Forest Preserve District to maintain the Fund on a minimum valuation basis to be $4,816,346. This minimum annual contribution based on an annual payroll of $32,211,624 for 885 active members during 2000.

The entry Age Normal Cost Method is the actuarial funding method used in determining the contributions necessary to accumulate sufficient assets to pay benefits when due. Under GASB 25, the initial unfunded liability that existed as of January 1, 1976 must be amortized over a period of forty years. This method of financing is termed Normal Cost Plus 40 Year Amortization Method. Previously, the Normal Cost Plus Interest Method was used in financing the unfunded liability. Under the Normal Cost Plus Interest Method, the unfunded liability was recognized but not amortized.

2000 contributions made to the Fund were less than the actuarial contribution requirements determined by an actuarial valuation, as follows:

	Amount	Percentage of Current Covered Payroll
Employer (District) contributions (1)	$ 3,355,316	11.35%
Employee contributions (2)	3,064,171	10.36
Total	$ 6,419,487	21.71%
Covered payroll – prior year	$32,211,624	

(1) Tax levy by the Forest Preserve District.
(2) Includes contributions made by the Forest Preserve District on behalf of participants receiving disability.

Employee contributions have been determined as follows:

Actuarial valuation date	December 31, 2000
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period (remaining)	40 years (open period)
Asset valuation method	5 year Average Smoothed Market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases:	
Inflation	3.5%
Seniority merit	2.0%
Postretirement benefit increases	3.0% compounded per year for employee and widow(er) annuitants
Postretirement health insurance	5.0% compounded per year

Six-year trend information may be found in the Annual Report of the Forest Preserve Pension Trust Fund. The Annual Pension Cost is equal to the Actuarially Acquired Contribution. The Annual Pension Cost and related information for the three most recent fiscal years is as follows:

Year Ended December	Employer Required Contribution, Normal Cost Plus 40 Year Level Dollar Amortization (ARC) (a)	Required Statutory Basis (1) (b)	Actual (2) (c)	Percent of ARC Contributed (c/a)	Net Pension Obligation (NPO) (3)
1998 (4), (5)	$3,039,736	$3,410,486	$3,410,493	112.20%	$(10,085,116)
1999	3,713,401	3,639,020	3,895,087	104.89	(10,548,656)
2000	3,741,475	3,402,630	3,355,316	89.68	(10,329,456)

(1) Tax levy by the Forest Preserve District after 1.8% overall loss (2.7% overall loss in 1998).

(2) Net tax levy by the Forest Preserve District plus miscellaneous income.

(3) Negative balance as the District has no pension related liability under GASB 27.

(4) Changes in asset valuation, actuarial assumptions, employee benefits, and funding method result in changes to the expected employee and employer contributions. The scale of these changes will cause any comparison to previous years to have little practical meaning.

(5) Beginning in 1998 estimates for employee contributions include estimated optional contributions.

11. DEFICIT FUND BALANCES

The following details unreserved deficit fund balances at November 30, 2001 (December 31, 2000, for the Forest Preserve District):

Special Revenue Funds -	
Forest Preserve District - General	$(17,183,576)
Chief Judge Juvenile Justice	(649,462)
Cook County Lead Poisoning Prevention	(36,671)
Capital Project Funds -	
Government Management and Supporting Services	(89,600,380)
Internal Service Fund -	
Self Insurance	(264,970,913)

The deficit in the Special Revenue Funds – Forest Preserve District – General Fund is caused by recognizing property tax levies in the year when they become available as required by GAAP. Current-year operations of the funds are financed through loans from the working cash fund. Refer to footnote 19 for discussion of the residual equity transfer from the County to the Forest Preserve District.

The deficits in the Special Revenue Funds – Chief Judge Juvenile Justice and Cook County Lead Poisoning Prevention Funds will be financed through future revenues.

The deficit in the Capital Projects Funds will be financed through future bond issues.

The deficit in the Internal Service Fund will be financed through future bond issuances and other sources.

12. CONTRIBUTED CAPITAL

The County has contributed the construction and acquisition of significant capital assets to the operations of the Health Facilities. Beginning in fiscal year 2001, the County and the Health Facilities implemented GASB Statement No. 33 and recorded capital contributions as revenue rather than additions to contributed capital. Depreciation and amortization are recorded against the contributed capital accounts. Total contributions in 2001 were $156,751,886. A reconciliation of the Health Facilities contributed capital account is as follows:

Balance, November 30, 2000	$497,054,329
2001 depreciation	(23,684,221)
Balance, November 30, 2001	$ 473,370,108

13. NON-GOVERNMENTAL LIMITED OBLIGATION DEBT ISSUES

The following information represents outstanding limited obligation non-government debt issues which bear the name of the County. These debt issues are not obligations of the County.

Mortgage Revenue Bonds

In prior years, the County issued mortgage revenue bonds relating to lending programs secured by first mortgage loans on eligible residences. The bonds do not represent a liability of the County.

Industrial Development Bonds

As of November 30, 2001, the County had participated in 4 Industrial Development Bond issues for the purpose of assisting private developers in financing various capital projects:

Issue Date	Amount	Description
June 1, 1996	$25,680,000	The County of Cook, Illinois Revenue Bonds, Series 1996 (Jewish Federation of Metropolitan Chicago Projects)
June 27, 2000	$2,500,000	The County of Cook, Illinois Industrial Development Bonds, (Kenneth Properties, L.L.C. Project) Series 2000
August 16, 2000	$3,000,000	The County of Cook, Illinois Industrial Development Bonds (128th Street Limited Partnership Project) Series 2000
July 2, 2001	$4,755,000	The County of Cook, Illinois Industrial Development Bonds, Series 2001 (Little Lady Foods, Inc. Project)

These bonds, and the related interest, are solely payable from revenues arising from the capital projects. The bonds and interest therein do not constitute an indebtedness of the County.

14. CONTINGENT LIABILITIES

The County participates in a number of Federal and State grant programs. The County's participation in these programs is subject to financial and compliance audits by the grantors or their representatives. In management's opinion, expenditures that may be disallowed because of the grantors' audits would not be material.

15. FOREST PRESERVE FUNDS

Capital Projects (Construction and Development) Funds

State Statutes permit the Capital Projects (Construction and Development) Funds to spend the proceeds of a tax levy over a five-year period. The fund balance available for other purposes includes the unexpended appropriation of 1996 to 2000 tax levies. Any unexpended appropriation at the end of five years is transferred to the General (Corporate) Fund.

16. HEALTH FACILITIES FUNDS

Certain expenses incurred by various departments of the County in the operation of the Health Facilities have been recorded in the financial statements of the Health Facilities (e.g., Data Processing, Purchasing and Auditing) as an expense, with a corresponding credit to operating transfer in for the subsidy. These expenses amounted to $10,841,716 in fiscal year 2001 and are also included as expenditures of the General Fund. Since the allocation of these expenditures between the functions of the General Fund is not known, total expenditures are reduced on the accompanying combined statement of revenues, expenditures and changes in fund balance by the line item entitled "Amounts incurred in the above accounts for the Enterprise Fund" with an offsetting debit to operating transfer out. These expenses are included in the cost reimbursement reports submitted by the Health Facilities to the State and Federal health care intermediary.

In addition, the County made contributions of $55,889,903 for fiscal year 2001, to the Cook County Employees' and Officers' Annuity and Benefit Fund, on behalf of the Health Facilities, which the County is not reimbursed for, but is included in the cost reimbursement reports.

Construction-in-progress and other capital expenditures affecting the Health Facilities are accounted for in various Capital Project Funds maintained by the Cook County Comptroller. These expenditures amounted to $156,751,886 for fiscal year 2001. The corresponding long-term debt which finances these expenditures is reflected as a liability in the General Long-Term Obligations Account Group maintained by the Cook County Comptroller, since they are obligations of applicable Capital Project Funds and Debt Service Fund of the County and not the Health Facilities Funds. The Health Facilities records construction-in-progress expenditures as additions to the construction in progress and the contributed capital accounts of its books in the year the expenditures are accrued. Interest on construction borrowings is either capitalized or included as expense on the Health Facilities' cost report. five years is transferred to the General (Corporate) Fund.

17. AGENCY FUNDS

Included in the agency funds of the County Treasurer at November 30, 2001 are assets and an offsetting liability of approximately $20.8 million relating to amounts held for the Torrens Indemnity Fund. In November 2000, the County Board of Commissioners approved a resolution to 1) retain approximately $6.6 million in the Torrens Indemnity Fund to satisfy estimated current and future claims, 2) establish a Lead Poisoning Prevention Fund and transfer approximately $14.2 million plus additional interest amounts as defined in the resolution from the Torrens Indemnity Fund to the Lead Posioning Prevention Fund, and 3) transfer any remaining amounts in the Torrens Fund to the County's General Fund after deducting the $6.6 million and amounts for the Lead Poisoning Prevention Fund. In January 2001, $15 million was transferred to the County's General (Corporate) Fund. The Lead Poisoning Prevention Fund was created by County Board action in September 2001 and is included in the Special Revenue Funds. The $14.2 million to be transferred from the Torrens Indemnity Fund for the opening balance of the Lead Poisoning Prevention Fund is recorded as an interfund receivable as deferred revenue as of November 30, 2001.

18. STATE TREASURER CLAIM

The Cook County Treasurer has received demands from the Illinois State Treasurer for certain monies, which are claimed to be subject to the Illinois Uniform Disposition of Unclaimed Property Act. The Cook County State's Attorney has reviewed the State Treasurer's demands and concluded that the claims are generally without merit with the exception of amounts related to certain warrants outstanding. The County believes, however, that the warrant list used in establishing the amounts claimed is inaccurate and that the demand and listing are excessive and incorrect. The County presently maintains a cash balance and an offsetting liability of $2,317,335 related to outstanding warrants. The County does not believe that the final resolution of the amounts claimed will have a material impact on the County's financial statements.

19. RESIDUAL EQUITY TRANSFER

During 2001 the County Board authorized the County to provide $8.3 million in funds to the Forest Preserve District to provide funds toward the District's accumulated operating deficits. The transfer is presented as a residual equity transfer in the financial statements. The transfer in is not shown because the Forest Preserve District has a different fiscal year than the County.

20. PRIOR PERIOD ADJUSTMENTS

The November 30, 2000 fund balances of the General Fund, Special Revenue Fund and Capital Projects Fund increased (decreased) by $(11,627,028), $8,085,452 and $(274,053), respectively, for the correction of prior period accrual adjustments.

The December 31, 1999 net assets of the Chicago Horticultural Society increased by $1,058,000 due to a change in accounting policy for government grant revenue recognition.

21. SUBSEQUENT EVENTS

Sale of General Obligation Bonds -

On February 28, 2002, the County issued approximately $226 million of Series 2002C General Obligation Capital Improvement Bonds to finance the costs of certain capital improvement projects, including the purchase of capital equipment.

On March 12, 2002, the County issued approximately $245 million of Series 2002B General Obligation Variable Rate Capital Improvement Bonds to finance the costs of certain capital improvement projects, including the purchase of capital equipment.

On March 26, 2002, the County issued approximately $124 million of Series 2002A Taxable General Obligation Variable Rate Bonds to fund certain of the County's self insurance liabilities and to increase the County's working cash fund.

COOK COUNTY, ILLINOIS

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULES OF FUNDING PROGRESS

November 30, 2001

County Pension Plan

Year Ended December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
1998 1, 2	4,535,296,600	4,942,155,173	406,858,573	91.77	1,066,458,432	38.15
1999	5,273,208,730	5,555,661,795	282,453,065	94.92	1,162,538,616	24.30
2000	5,706,998,091	6,070,267,055	363,268,964	94.02	1,261,050,576	28.81

(1) Change in actuarial assumptions
(2) Change in benefits

Forest Preserve District Plan

Year Ended December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded AAL (OAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	OAAL as a Percentage of Covered Payroll (a-b)/c
1998 1, 2	140,121,473	136,366,759	3,754,714	102.75	27,464,880	13.67
1999	167,074,543	158,528,015	8,546,528	105.39	29,563,392	28.91
2000	177,865,868	171,593,116	6,272,752	103.66	32,211,624	19.47

(1) Change in actuarial assumptions
(2) Change in benefits

Source> The information above was taken from the actuarial statements prepared for each of the respective plans.

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APPENDIX B

GENERAL OBLIGATION BONDS REFUNDED BY THE SERIES 2002D BONDS

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GENERAL OBLIGATION BONDS
REFUNDED BY THE SERIES 2002D BONDS

Series	CUSIP	Sinking Fund Redemption Date	Maturity	Interest Rate %	Principal Amount	Maturity or Redemption Date	Redemption Price %
2001A	213183-P75		11/15/07	5.000	$ 1,255,000[1]	11/15/07	N/A
2001A	213183-Q25		11/15/10	5.250	2,730,000[1]	11/15/10	N/A
2001A	213183-Q33		11/15/11	5.500	8,460,000	05/15/11	100.000
2001A	213183-Q41		11/15/12	5.500	12,625,000	05/15/11	100.000
2001A	213183-Q58		11/15/13	5.500	9,560,000	05/15/11	100.000
Total					$34,630,000		
1999A	213183-J49		11/15/11	5.125	$11,645,000	11/15/09	101.000
1999A	213183-J56		11/15/12	5.125	6,585,000	11/15/09	101.000
1999A	213183-J64		11/15/13	5.125	12,580,000	11/15/09	101.000
1999A	213183-J72		11/15/14	5.250	10,900,000[1]	11/15/09	101.000
Total					$41,710,000		
1993A	213183-WS1	11/15/13	11/15/23	5.000	$ 8,010,000	11/15/03	100.000
1993A	213183-WS1	11/15/14	11/15/23	5.000	8,420,000	11/15/03	100.000
1993A	213183-WS1	11/15/15	11/15/23	5.000	8,850,000	11/15/03	100.000
1993A	213183-WS1	11/15/16	11/15/23	5.000	9,305,000	11/15/03	100.000
Total					$34,585,000[1]		
1992B	213183-VB9		11/15/22	5.500	$61,415,000	11/15/02	102.000
Total					$61,415,000		
1990	213183-RS7	11/01/05	11/01/07	7.250	$2,665,000[1]	11/01/05	100.000
1990	213183-RS7	11/01/06	11/01/07	7.250	1,095,000[1]	11/01/06	100.000
1990	213183-RS7		11/01/07	7.250	190,000[1]	11/01/07	N/A
Total					$3,950,000		
Total Refunded					**$176,290,000**		

[1] Refunding of partial outstanding maturity or mandatory sinking fund payment.

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APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

Except as otherwise noted, the economic and demographic data listed below were collected and published by the Cook County Department of Planning and Development, Office of Economic Development.

Population

	2000	1990	1980
Chicago	2,896,016	2,783,786	3,005,072
Cook County	**5,376,741**	**5,105,067**	**5,253,655**
Illinois	12,419,293	11,430,602	11,426,518

Source: United States Department of Census.

Per Capita Income

	2000	1999	1998	1997	1996
Chicago[1]	$20,175	$34,743	$33,406	$31,452	$29,940
Cook County	**33,704**	**33,398**	**32,131**	**30,261**	**28,788**
Illinois	32,259	31,138	30,006	28,356	27,005
USA	29,451	28,546	27,321	25,874	24,651

Source: United States Department of Commerce, Bureau of Economic Analysis.
(1)Source: Northern Illinois University, Center for Governmental Studies.

Unemployment Rates

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Chicago	5.4%	5.6%	5.4%	5.6%	6.0%	6.7%	6.7%	7.0%	9.0%	9.0%
Cook County	**5.9**	**4.7**	**4.4**	**4.7**	**4.9**	**5.5**	**5.5**	**5.9**	**7.7**	**7.8**
Illinois	5.4	4.4	4.3	4.4	4.7	5.3	5.2	5.7	7.4	7.5
USA	4.8	4.0	4.2	4.5	4.9	5.4	5.6	6.1	6.9	7.5

Source: United States Department of Labor, Bureau of Labor Statistics.

Cook County, Illinois
Top Ten Property Taxpayers — Assessed Value
Fiscal Year 2000
(Dollars in thousands; Unaudited)

	Name	Dollar Amount
1.	Buck Company Tower Leasing	$177,934
2.	BRE Randolph Drive LLC	115,000
3.	Shorenstein Realty	93,542
4.	Industry Consulting	93,188
5.	Monroe & Adams Dela Inc.	90,891
6.	Sears Roebuck (Corporate Center)	87,944
7.	Taulman Company, Inc.	65,427
8.	NACA Ltd Partnership	63,103
9.	Madison Two Associates	60,933
10.	L. Burnett M. Breslin	60,043
	Total	$908,005

Source: Cook County Clerk's Office, Tax Extension Division.

Cook County, Illinois
Top Ten Property Taxpayers — Assessed Value
Fiscal Year 1999
(Dollars in thousands; Unaudited)

	Name	Dollar Amount
1.	Buck Company Tower Leasing	$ 141,739
2.	Randolph Drive LLC	100,881
3.	Sears Roebuck (Corporate Center)	86,044
4.	First Chicago Bank	85,293
5.	Shorenstein Realty	75,310
6.	Monroe & Adams Dela, Inc.	73,194
7.	Taulman Company, Inc.	65,427
8.	Taxpayer	60,077
9.	NACA Ltd Partnership	59,969
10.	Vickie L. Norman KMZ	53,496
	Total	$801,430

Source: Cook County Clerk's Office, Tax Extension Division.

Top Employers For Cook County, Illinois (By Number of Employees)

Public Employers

		2001
1	U.S. Government	78,000
2.	Chicago Public Schools	45,798
3.	City of Chicago	42,825
4.	Cook County	27,139
5.	State of Illinois	25,600

		2000
1	U.S. Government	78,000
2.	Chicago Public Schools	44,798
3.	City of Chicago	41,911
4.	Cook County	27,081
5.	U.S. Postal Service	24,800

Source: Crain's Chicago Business.

Private Employers

		2001
1.	Jewel-Osco Inc.	39,063
2.	Ameritech	25,900
3.	Advocate Health Care	24,618
4.	Motorola, Inc.	20,000
5.	Abbott Laboratories	17,183

		2000
1.	Jewel-Osco Inc.	38,954
2.	Motorola, Inc.	24,000
3.	Advocate Health Care	22,198
4.	United Airlines	22,100
5.	Ameritech	20,000

Source: Crain's Chicago Business.

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APPENDIX D

FORM OF OPINIONS OF CO-BOND COUNSEL

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FORM OF OPINIONS OF CO-BOND COUNSEL

[LETTERHEAD OF ALTHEIMER & GRAY AND
WILLIAM P. TUGGLE, ESQ.]

[Date of Issuance of Series 2002D Bonds]

The County of Cook, Illinois
118 North Clark Street
Chicago, Illinois 60602

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004

UBS PaineWebber Inc.
as Representative of the Underwriters
named in the Bond Purchase Agreement,
dated September 20, 2002
One North Wacker Drive
38th Floor
Chicago, Illinois 60606

Re: The County of Cook, Illinois
General Obligation Refunding Bonds, Series 2000D

Ladies and Gentlemen:

We have acted as co-bond counsel in connection with the issuance by The County of Cook, Illinois (the *"County"*) of its General Obligation Refunding Bonds, Series 2002D, dated September 15, 2002, in the aggregate principal amount of $173,565,000 (the *"Series 2002D Bonds"*). As co-bond counsel, we have examined a certified copy of the record of proceedings of the County, together with various accompanying certifications (collectively, the *"Proceedings"*), pertaining to the issuance by the County of the Series 2002D Bonds. The Proceedings include an Ordinance adopted by the Board of Commissioners of the County on September 19, 2002 (the *"Bond Ordinance"*). The Series 2002D Bonds are issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and the Bond Ordinance.

The Series 2002D Bonds are due (subject to optional redemption as described below) on November 15 of the years and in the amounts and bear interest payable on May 15 and November 15 of each year, commencing November 15, 2002, at the rates per annum, as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2008	$ 1,405,000	5.00%	2016	$ 9,355,000	5.25%
2009	1,585,000	5.00	2018	11,135,000	5.25
2011	19,850,000	5.25	2019	11,760,000	5.25
2012	19,645,000	5.25	2020	12,420,000	5.25
2013	30,895,000	5.25	2021	13,140,000	5.25
2014	19,150,000	5.25	2022	14,350,000	4.75
2015	8,875,000	5.25			

The Series 2002D Bonds maturing on or after November 15, 2014 are subject to redemption prior to maturity at the option of the County, in such principal amounts and from such maturities as the County shall determine, and by lot within a maturity, on any date on or after November 15, 2012 at the redemption price of par, plus accrued interest to the date fixed for redemption.

Based upon the foregoing we are of the opinion that:

1. The County is a home rule unit as defined by Article VII of the 1970 Constitution of the State of Illinois and is a unit of local government of the State of Illinois.

2. The Series 2002D Bonds are valid and legally binding direct and general obligations of the County for the payment of which the County has lawfully, validly and irrevocably pledged its full faith and credit and all taxable property in the County is subject to the levy of taxes to pay the same without limitation as to rate or amount.

3. The form of Series 2002D Bond prescribed for said issue is in due form of law.

4. Subject to the condition that the County comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the *"Code"*), under present law, the Series 2002D Bonds are not "private activity bonds" under the Code, and interest on the Series 2002D Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2002D Bonds will not be included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2002D Bonds will be included in "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax for such corporations. Failure to comply with certain of these covenants could cause interest on the Series 2002D Bonds to be included in gross income retroactive to the date of issuance of the Series 2002D Bonds. Ownership of the Series 2002D Bonds may result in other federal tax consequences to certain taxpayers. We express no opinion regarding any such collateral consequences arising with respect to the Series 2002D Bonds. In rendering this opinion, we have relied upon (i) certifications of the County and certain other parties with respect to certain material facts solely within their knowledge relating to the facilities to be financed or refinanced with the Series 2002D Bonds, the application of the proceeds of the Series 2002D Bonds and certain other matters pertinent to the tax exemption of the Series 2002D Bonds and (ii) the

mathematical computation of the yield on the Series 2002D Bonds and on certain obligations acquired with proceeds thereof by McGladrey & Pullen, LLP, Minneapolis, Minnesota, independent certified public accountants. Interest on the Series 2002D Bonds is not exempt from income taxes imposed by the State of Illinois.

The rights of the registered owners of the Series 2002D Bonds and the enforceability of provisions of the Series 2002D Bonds and the Proceedings (including the Bond Ordinance) may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of provisions of the Series 2002D Bonds and the Proceedings (including the Bond Ordinance) by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

Very truly yours,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

General. The Series 2002D Bonds will be registered under a book-entry only system, with bond certificates deposited at The Depository Trust Company ("DTC") and not available for distribution to investors. The book-entry only system will evidence beneficial ownership of the Series 2002D Bonds with transfers of beneficial ownership effected on the records of DTC and its participating organizations pursuant to rules and procedures established by DTC. Payments of principal of and interest on the Series 2002D Bonds will be made in immediately available funds to DTC or its nominee as the registered owner of the Series 2002D Bonds.

THE FOLLOWING INFORMATION HAS BEEN FURNISHED BY DTC FOR USE IN THIS OFFICIAL STATEMENT.

Depository Trust Company. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over two million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation ("NSCC"), Government Securities Clearing Corporation ("GSCC"), MBS Clearing Corporation ("MBSCC"), and Emerging Markets Clearing Corporation ("EMCC;" NSCC, GSCC, MBSCC, and EMCC are also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com.**

Purchases of Series 2002D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2002D Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2002D Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

Series 2002D Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry only system for the Series 2002D Bonds is discontinued.

Registration in Name of Cede & Co. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2002D Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2002D Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2002D Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2002D Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County or the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2002D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments. Redemption proceeds, principal and interest payments on the Series 2002D Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the County subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Replacement Bonds upon Termination of Global Book-Entry. DTC may discontinue providing its services as securities depository with respect to the Series 2002D Bonds at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2002D Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2002D Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE REFUNDING BOND ORDINANCE

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SUMMARY OF CERTAIN PROVISIONS OF THE REFUNDING BOND ORDINANCE

The Refunding Bond Ordinance authorizes the issuance by the County of general obligation refunding bonds in an aggregate principal amount of not to exceed $2,675,950,000 (the "Bonds"). The Series 2002D Bonds are the first series of Bonds issued pursuant to the Refunding Bond Ordinance. The County may at any time adopt ordinances authorizing the issuance of general obligation bonds in addition to the Bonds. The following is a summary of certain provisions of the Refunding Bond Ordinance and does not purport to be complete. Reference is made to the Refunding Bond Ordinance for the complete provisions thereof.

Bond Service Fund

The Refunding Bond Ordinance establishes a Bond Service Fund to be held as a special trust fund by the Trustee and into a designated account of which (the "Series 2002D Account") the following amounts will be deposited with respect to the Series 2002D Bonds: (a) accrued interest on the Series 2002D Bonds to the date of their delivery, (b) Tax Receipts and (c) a portion of the taxes levied and collected for the payment of the principal of and interest on the Prior Bonds.

All Tax Receipts received by the County Collector will be deposited in the Bond Service Fund. The Trustee shall be accountable only for moneys actually so deposited with the Trustee.

Moneys deposited in the Series 2002D Account will be used by the Trustee to pay the principal and redemption price of and interest on the Series 2002D Bonds, when due.

Separate accounts are required to be maintained for each particular group of Bonds that mature on a single date and for which sinking fund installments are established, and moneys paid into a Bond Service Fund as a sinking fund installment in any year shall upon receipt be segregated and set aside in such a separate account.

Investment of Funds

Any funds held by the Trustee in the Bond Service Fund will be invested by the Trustee at the direction of a County Officer in certain qualified investments as provided in the Refunding Bond Ordinance.

Tax Covenants

The Refunding Bond Ordinance provides that the County will not take, nor omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Bond is subject on the date of original issuance thereof.

The Refunding Bond Ordinance further provides that the County will not permit (i) any of the proceeds of the Series 2002D Bonds, or any facilities financed or refinanced with such proceeds, to be used in any manner that would cause any Series 2002D Bond to constitute a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986 and (ii) any of the proceeds of the Series 2002D Bonds or other moneys to be invested in any manner that would cause any Series 2002D Bond to constitute an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986 or a "hedge bond" within the meaning of Section 149(g) of said Code

Defaults and Remedies

Events of Default:

Each of the following events constitutes an "Event of Default" under the Refunding Bond Ordinance:

(A) If default occurs in the due and punctual payment of the principal or redemption price of, or interest on, any Bond; or

(B) If the County files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or the State of Illinois, or if a court of competent jurisdiction approves a petition, filed with or without the consent of the County, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or the State of Illinois.

Enforcement:

(A) Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the registered owners of not less than 25% in aggregate principal amount of the Bonds at the time outstanding, must exercise in its own name any or all of the powers of the registered owners under the Refunding Bond Ordinance and in particular (a) bring suit for any unpaid principal or interest then due, (b) by mandamus or other appropriate proceeding enforce all rights of the registered owners of Bonds, including the right to require the County to perform its duties under the Refunding Bond Ordinance, (c) bring suit upon the Bonds, (d) by action at law or bill in equity require the County to account as if it were the trustee of an express trust for the registered owners of the Bonds, and (e) by action or bill in equity enjoin any acts in violation of the Refunding Bond Ordinance or the rights of the registered owners of the Bonds.

(B) The Trustee is not required to take notice or be deemed to have notice of any default under the Refunding Bond Ordinance, other than an Event of Default under subparagraphs (A) or (B) under "Events of Default" above, unless the Trustee is specifically notified in writing of such default by the County or by the holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding. All notices or other instruments required to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee.

(C) Any registered owner of an outstanding Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights in the Refunding Bond Ordinance, provided that prior to resorting to any court of law or chancery or to any other legal process, either (a) such registered owner shall have given written notice to the County and the Trustee specifying the Event of Default to be complained of and requesting the Trustee to take appropriate action, and the Trustee shall have failed to act within a reasonable time, or (b) such registered owner shall have obtained the written consent of the Trustee to the institution of the action, suit or proceeding proposed, and such action, suit or proceeding is brought for the ratable benefit of all registered owners of the Bonds. Notwithstanding the foregoing, any registered owner of a Series 2002D Bond may exercise such rights only upon the written consent of the Insurer, which consent shall not be required if the rights of such Insurer described below under "Rights of the Insurer" have ceased and terminated as provided in the Refunding Bond Ordinance.

Modification of the Refunding Bond Ordinance

The Refunding Bond Ordinance includes provisions under which the County may, by supplemental ordinance, modify or amend the Refunding Bond Ordinance in order: (a) to add to the covenants or agreements of the County contained in the Refunding Bond Ordinance other covenants or agreements to be observed by the County that are not contrary to or inconsistent with the Refunding Bond Ordinance; (b) to add to the limitations or restrictions contained in the Refunding Bond Ordinance other limitations or restrictions to be observed by the County that are not contrary to or inconsistent with the Refunding Bond Ordinance; (c) to surrender any right, power or privilege reserved to or conferred upon the County the Refunding Bond Ordinance; (d) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Refunding Bond Ordinance, of the Tax Receipts or of any other moneys, securities or funds; (e) to specify, determine or authorize any and all matters and things relative to the Bonds or the proceeds thereof that are not contrary to or inconsistent with the Refunding Bond Ordinance; (f) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Refunding Bond Ordinance; (g) to designate one or more tender or similar agents of the Trustee, bond registrars or paying agent; (h) to comply with the provisions of the Refunding Bond Ordinance when money and defeasance obligations designated therein sufficient to provide for the payment of Bonds have been deposited with the Trustee; (i) to insert such provisions clarifying matters or questions arising under the Refunding Bond Ordinance as are necessary or desirable and are not contrary to or inconsistent with the Refunding Bond Ordinance; and (j) to make any other change which does not, in the opinion of the Trustee (which opinion may express reliance on a Counsel's Opinion), have a material adverse effect upon the interests of the registered owners of the Bonds.

Other than the amendments and modifications described above for which consent of Bondholders is not required, any modification or amendment of the provisions of the Refunding Bond Ordinance or any ordinance amendatory thereof or supplemental thereto and of the rights and obligations of the County and of the registered owners of the Bonds thereunder, in any particular, may be made by ordinance of the County adopted by the County Board, with the written consent given as provided in the Refunding Bond Ordinance of the registered owners of at least a majority in principal amount of the Bonds outstanding at the time such consent is given, but no such modification or amendment may permit a change in the maturity or terms of redemption of the principal of any outstanding Bond or of any installment of interest thereon without the consent of the registered owner of such Bond, or change or modify any of the rights or obligations of the Trustee without its written assent thereto, or reduce the percentages or otherwise affect the description of Bonds, the consent of the registered owners of which is required to effect any such modification or amendment.

Defeasance

If the County pays or causes to be paid to the registered owners of the Series 2002D Bonds, the principal and interest and redemption price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Refunding Bond Ordinance, then, at the option of the County expressed in a certificate delivered to the Trustee, the pledge of the Tax Receipts and other moneys, securities and funds pledged pursuant to the Refunding Bond Ordinance and the covenants, agreements and other obligations of the County to the registered owners thereunder will be discharged and satisfied. In such event, the Trustee will, upon the request of the County expressed in a certificate delivered to the Trustee, execute and deliver such discharge and satisfaction and pay over or deliver to the County all moneys held by it pursuant to the Refunding Bond Ordinance that are not required for the payment or redemption of Series 2002D Bonds not theretofore surrendered for such payment or redemption.

Any Series 2002D Bonds or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such Series 2002D Bonds, will be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph if (a) if any such Series 2002D Bonds are to be redeemed prior to the maturity thereof, there has been taken all action necessary to call such Series 2002D Bonds for redemption and notice of such redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, (b) there has been deposited with the Trustee or a defeasance escrow agent by or on behalf of the County either (1) moneys in an amount that is sufficient, or (2) Defeasance Obligations (as defined below), the principal of and interest on which when due (without reinvestment thereof) will provide moneys that, together with the moneys, if any, on deposit with the Trustee or a defeasance escrow agent at the same time, are sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Series 2002D Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (c) if said bonds are not by their terms subject to redemption within the next succeeding 45 days, the County has given the Trustee, in form satisfactory to it, irrevocable instructions to mail, as soon as practicable, a notice to the registered owners of such Series 2002D Bonds that the deposit required by clause (b) above has been made with the Trustee or a defeasance escrow agent and that said Series 2002D Bonds are deemed to have been paid in accordance with the Refunding Bond Ordinance and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if any, of, and accrued interest on, said Series 2002D Bonds. Neither the Defeasance Obligations or any moneys so deposited with the Trustee or a defeasance escrow agent nor any moneys received by the Trustee or a defeasance escrow agent on account of principal of or interest on said Defeasance Obligations may be withdrawn or used for any purpose other than, and all such moneys will be held in trust for and be applied to, the payment, when due, of the principal or redemption price of the Series 2002D Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption, unless there are substituted in place of such Defeasance Obligations and moneys, other Defeasance Obligations and moneys sufficient for the purposes described above and, provided further that, prior to such substitution there is filed with the Trustee (a) a verification report signed by an independent certified public accountant that the Defeasance Obligations and moneys, as substituted, are sufficient to pay the principal and redemption price of, and interest on, all Series 2002D Bonds with respect to which provision for payment was made by deposit of such substituted Defeasance Obligations pursuant to the provisions of the Refunding Bond Ordinance and (b) an opinion of nationally recognized bond counsel to the effect that such substitution has been duly authorized in accordance with the Refunding Bond Ordinance and will not adversely affect the tax-exempt status of any Series 2002D Bonds previously authenticated and delivered under the Refunding Bond Ordinance.

For purposes of the Refunding Bond Ordinance, "Defeasance Obligation" means (i) any direct obligation of, or any obligation the timely payment of principal of and interest on which is fully and unconditionally guaranteed by, the United States of America, (ii) certificates of ownership of the principal of or interest on obligations of the type described in clause (i) of this definition, (a) which obligations are held in trust by a commercial bank that is a member of the Federal Reserve System in the capacity of a custodian; (b) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) for which the underlying obligations are held in safekeeping in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated, and (iii) obligations issued or guaranteed by any of the following agencies, provided that such obligations are backed by the full faith and credit of the United States of America: Export-Import Bank of the United States direct obligations or fully guaranteed certificates of beneficial ownership; Federal Financing Bank; Farmers Home Administration certificates of beneficial ownership; Federal Housing Administration Debentures; Government National Mortgage Association guaranteed mortgage-backed bonds; General Services Administration participation certificates; United States Maritime Administration obligations guaranteed under Title XI; New Communities Debentures; United States Public Housing Notes and Bonds; and United States Department of Housing and Urban Development Project Notes and Local Authority Bonds.

Rights of the Insurer

Prior to the payment of any principal of or interest on any Series 2002D Bond by the Insurer pursuant to the terms of the Bond Insurance Policy, no request, demand, consent, waiver or other instrument of similar purport received by the County or the Trustee from the registered owner of such Series 2002D Bond relating to the amendment of the Refunding Bond Ordinance, an event of default or the exercise of a remedy under the Refunding Bond Ordinance, or certain actions by or concerning the Trustee, will be valid or effectual for any purpose unless and until the County or the Trustee, as the case may be, has also received the written concurrence therein or consent thereto of the Insurer.

After the payment of any principal of or interest on any Series 2002D Bond by the Insurer pursuant to the terms of the Bond Insurance Policy, the Insurer will be subrogated to the rights of the registered owner of such Series 2002D Bond for all purposes of the Refunding Bond Ordinance, to the extent of the sum or sums so paid, and the Insurer will be deemed to be the sole owner of such Series 2002D Bond for the purpose of any request, demand, consent, waiver or other instrument of similar purport relating to the amendment of the Refunding Bond Ordinance, an event of default or the exercise of a remedy under the Refunding Bond Ordinance, or certain actions by or concerning the Trustee.

All rights of the Insurer under the Refunding Bond Ordinance will cease and terminate if: (i) the Insurer has failed to make any payment under the Bond Insurance Policy; (ii) the Bond Insurance Policy shall cease to be valid and binding on the Insurer or shall be declared to be null and void, or the validity or enforceability of any provision thereof is being contested by the Insurer, or the Insurer is denying further liability or obligation under the Bond Insurance Policy, (iii) a petition has been filed and is pending against the Insurer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, and has not been dismissed within 30 days after such filing; (iv) the Insurer has filed a petition, which is still pending, in voluntary bankruptcy or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, or has consented to the filing of any petition against it under any such law; or (v) a receiver has been appointed for the Insurer under the insurance laws of any jurisdiction.

As long as the Bond Insurance Policy is in full force and effect, the County and the Trustee will comply with all provisions of the Bond Insurance Policy and of the Insurer's commitment for issuance of the Bond Insurance Policy.

Removal of the Trustee

The Trustee, or any successor thereof, may be removed at any time by the registered owners of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the County, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the County. Copies of each such instrument shall be delivered by the County to the Trustee and any successor. The County may remove the Trustee from its position as Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the County, by filing with the Trustee an instrument signed by a County Officer and by mailing notice thereof to the Insurer and to Bondholders at their addresses shown on the registration books kept by the Trustee.

If the Trustee, or any successor thereof, resigns or is removed or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property is appointed, or if any public officer takes charge or control of the Trustee or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the County, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the County, the Insurer and the predecessor Trustee. Pending such appointment, the County shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee (if any) is appointed by Bondholders as authorized in the Refunding Bond Ordinance. The County shall mail notice to the Insurer and to the Bondholders of any such appointment within 20 days after such appointment. Any successor Trustee appointed by the County shall, immediately and without further act, be superseded by a Trustee appointed by Bondholders. If no appointment of a successor Trustee is made within 45 days after the Trustee has given to the County written notice of resignation as provided in the Refunding Bond Ordinance or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon appoint such successor Trustee. Any Trustee appointed under the foregoing provisions of the Refunding Bond Ordinance shall be a bank, trust company or national banking association doing business and having its principal office in the State of Illinois, and having trust powers.

APPENDIX G

INSURER INFORMATION

INSURER INFORMATION

Ambac Assurance Corporation

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$5,587,000,000 (unaudited) and statutory capital of approximately \$3,453,000,000 (unaudited) as of June 30, 2002. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service, Inc. and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the County.

Ambac Assurance makes no representation regarding the Series 2002D Bonds or the advisability of investing in the Series 2002D Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "BOND INSURANCE," in this APPENDIX G and the specimen of the Bond Insurance Policy included as APPENDIX H.

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1) The Company's Current Report on Form 8-K dated January 23, 2002 and filed on January 25, 2002;

2) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and filed on March 26, 2002;

3) The Company's Current Report on Form 8-K dated April 17, 2002 and filed on April 18, 2002;

4) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2002 and filed on May 13, 2002;

5) The Company's Current Report on Form 8-K dated July 17, 2002 and filed on July 19, 2002;

6) The Company's Current Report on Form 8-K dated August 14, 2002 and filed on August 14, 2002; and

7) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2002 and filed on August 14, 2002.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in **"Available Information."**

APPENDIX H

SPECIMEN BOND INSURANCE POLICY

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Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor: Policy Number:

Obligations: Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

Anne G. Gill
Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)

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